REGIONAL MARKET STUDY DRAFT REPORT

MOUNTAIN|PLAINS REGIONAL NATIVE CDFI COALITION – MARCH 2023

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INTRODUCTION

THE MOUNTAIN|PLAINS REGIONAL NATIVE CDFI COALITION

The Mountain | Plains Regional Native Community Development Financial Institution (CDFI) Coalition (the Coalition) was initially formed as a regional triage response to the COVID-19 pandemic. A uniquely Indigenous peer-to-peer model based on shared leadership, the Coalition is able to leverage each member CDFIs' strategic leadership roles as opportunities arise and require it.

The Coalition's work became especially critical when CDFIs were excluded from participating in national Coronavirus Aid, Relief, and Economic Security (CARES) Act funding programs and Native American entrepreneurs were faced with multiple barriers in their attempts to access federal relief funds. We swiftly undertook a data collection effort to accurately assess both the economic shocks Native-owned businesses in the region were struggling to absorb as well as the impacts Native CDFIs were feeling. Determined to create access pathways to relief funds for minority groups, members of the Coalition formed a partnership with the Community Reinvestment Fund, a national CDFI. Together, we created a referral program to connect Native-owned small businesses to the Paycheck Protection Program (PPP). Beyond these emergency responses, the Coalition has continued to build our members' collective capacity and expand our focus to address systemic racism and economic opportunity while building equitable platforms for growth.

The Coalition prioritizes capacity building through peer-to-peer weekly mentorship, catalyzing individual agency to **amplify organizational strength**. While individual CDFI strength drives economic change at the Tribal level, indigenous economies continue to be fluid and regionally connected. Our markets are linked by community, culture, and capital, which open and expand opportunities to generate greater impact across our region. By **unifying collective action** to develop networked partnerships, collective strategies, and shared resources, the Coalition is recalibrating our regional indigenous economies. As a result of our collective daily experiences with systemic racial economic inequality, we are reorganizing systems of allies and resources to **sustain future generations**.

The Coalition succeeds when each member's individual capacities are balanced with the collective needs of the Coalition. Reciprocity of leadership, the understanding that leadership is shared and mutual, fuels this vital balance. The Coalition must contribute to and support individual capacity building while honoring roles and responsibilities in the collective. It is equally true that systemic racial economic inequality will never shift without a collaborative, long term systems approach to change. Thus, unified action is strengthened when individual Native CDFIs thrive. The Coalition uplifts and forwards strategic action for both.

THE REGIONAL MARKET STUDY

In our efforts to amplify strength, unify action, and sustain generations we have recognized the need to more thoroughly understand our region in order to move forward as a Coalition. This report has synthesized available literature, data from our members, and reports from our partners and peers to document the needs and strengths of our region with special focus on wealth, access to capital, and data sovereignty. This regional market study is the first step in the future of our Coalition to build from a strong base of assessing opportunity and identifying the ecosystem in which we operate.

AMPLIFY STRENGTH

THE SITUATION BY RESERVATION

The profiles linked below highlight the available census, ESRI business analyst, and community collected data by Reservation for which the data was available. Not all reservations are included which is certainly a problem we intend to remedy through the coalition's data sovereignty efforts.

MONTANA	NORTH DAKOTA	SOUTH DAKOTA	WYOMING
Blackfeet	Fort Berthold	Black Hills	Wind River
Crow	Spirit Lake	Cheyenne River	
Flathead	Standing Rock	Lake Traverse	
Fort Peck	Turtle Mountain	Pine Ridge	
Fort Belknap		Rosebud	
Northern Cheyenne		Yankton	
Rocky Boy's			

OUR MEMBERS

WHO ARE NATIVE CDFIS?

The mission, purpose, and drive of Native CDFIs was described well by Northwest Area Foundation in a brief to potential investors:[1]

> To support prosperity in Native communities, financial investment needs to reflect traditional values, guided by culture and community. Native CDFIs understand this need and are experts in weaving partners, funding, and networks together in ways that build economic and cultural wealth. They connect investors to Native communities with a respect for history, culture, and context to open doors to loans, extend credit to thriving businesses, generate good jobs, and grow local economies.
>
> To invest for prosperity in Native communities, successful financial services need to reflect traditional values, guided by the wisdom to plan for multiple generations. The services must also account for the impact of history. The systemic racism, violence, and exclusion that began in these lands centuries ago continues today, resulting in traumas, financial instability, and other barriers that make it harder for the communities we partner with to thrive on their own terms.
>
> Native communities are relentlessly resilient. Businesses have fought to create jobs and give back. Workers have generated cash and employment in places without a main street or a

> bank to support them. More entrepreneurs and families need access to capital that's tailored to their culture and way of life. Native CDFIs understand this need and are experts in serving, responding, and delivering results successfully. Their practical knowhow builds upon the wealth of wisdom in Native communities and the need to heal. They connect investors to Native businesses with a respect for history, culture, and context that helps communities thrive for the long term.

Currently, there are sixty-nine certified Native CDFIs located in twenty-seven states across the country, serving Indian Country, Alaska, and Hawaii. We are a diverse group representing both rural reservation and urban Native communities.[2]

STANDING ON THE SHOULDERS OF GIANTS

The Lakota Funds, started in 1986, kicked off the Native CDFI movement with a specific focus on micro-entrepreneurship on the Pine Ridge Reservation. While the growth of the Native CDFI industry was slow to start, there are now new Native CDFIs every year contributing to a strong network of anchor institutions in our communities. Our Native CDFI industry, and our Coalition, would not be where we are without the diversity of individual leaders who have pushed the industry. These leaders include Elsie Meeks, Tawney Brunsch, Gerald Sherman, and Tanya Fiddler. We stand on the shoulders of giants and operate from a place of grounding in our local communities and history.

BY THE NUMBERS

Our member Native CDFIs include:

1. Akiptan
2. Black Hills Community Loan Fund (BHCLF)
3. Four Bands Community Fund (FBCF)
4. Montana Native Growth Fund (MNGF)
5. Native American Development Corporation (NADC)
6. NACDC - Financial Services (NACDC)
7. People's Partner for Community Development (PPCD)
8. Plenty Doors Community Development Corporation (PDCDC)
9. Wind River Development Fund (WRDF)

Our oldest CDFI (FBCF) has been operating since 2002 and our newest CDFI (PDCDC) just started lending in 2022. We bring many varied experiences to our Coalition and the benefits of formalizing our long standing relationships has been immense.

In the last three years (2019-2021), we have collectively **closed 323 business and agricultural loans totaling $17.6M.** From 2019 to 2020, we saw a slight increase in our loan volume (2.3%) and from **2020 to 2021 we saw a 107.5% increase.** We expect 2022 will bring the same level of growth as the preceding year due to the newer CDFIs (MNGF, BHCLF, and PDCDC) in our Coalition gaining more ground and NADC's plans to start lending in a commercial sphere. While NACDC, FBCF, and MNGF have homeownership goals, NACDC and FBCF's business portfolios have always been strong and will continue to be with $12 million in active investment opportunities in 2022. Akiptan closed $3.2 million in agricultural loans in 2021 and already has $2.5 million in the pipeline for 2022. We are growing very quickly in our region; as such, we have a **minimum loan capital need of $18.8 million** for 2022 and have **active investment opportunities (pipeline) equaling $13.7 million.**

Our average deployment ratio is 69% and our average net asset ratio is 80%. Our goals for 2022 include internal capacity building around staffing and systems in particular, as well as increasing our loan deployment and expanding our service area. Our long-term goals are to reach self-sufficiency, standardize our products across the region, reclaim the value of trust lands, and to attract or create a secondary market.

CDFI PROFILES

The CDFI profiles linked below provide more detail on each of our Coalition members.

Akiptan

Four Bands Community Fund

NACDC - Financial Services

Native American Development Corporation

People's Partner for Community Development

Plenty Doors Community Development Corporation

Black Hills Community Loan Fund

Montana Native Growth Fund

Wind River Development Fund

UNIFY ACTION

OUR REGIONAL MARKET

Our region is composed of the Native people and communities in Montana, North Dakota, South Dakota, and Wyoming. These Nations and communities have a long history of partnership, trade, and connection, and also experience many of the same economic conditions. The four states are some of the least and most sparsely populated states in the nation, but have some of the highest concentrations of Native American people. For instance, South Dakota's population is 9% Native American, compared to 1.3% nationwide. Similarly, the Native American populations of Montana and North Dakota are 6.7% and 5.6% respectively, while Wyoming's is 2.7% Native American.[3] The four-state region represents twenty Indian reservations and urban populations totaling 208,103 Native American people. 62% of the collective population of 188,245 within our reservation communities (Fort Berthold, Spirit Lake, and Turtle Mountain in North Dakota; Cheyenne River, Crow Creek, Flandreau, Lake Traverse, Lower Brule, Pine Ridge, Rosebud, Standing Rock, and Yankton in South Dakota; Blackfeet, Crow, Flathead, Fort Belknap, Fort Peck, Northern Cheyenne, and Rocky Boy's in Montana; and Wind River in Wyoming) is Native American. These reservations have large land bases and are some of the nation's most rural, remote, and economically disadvantaged areas. Over a third (39%) of Native Americans in our region live in poverty, compared to 10.9% of all people in the region and 11.4% in the nation.[4] At $35,214, the median household income for Native Americans in our region is approximately 56% less than the national median of $62,843, and 53% less than the region's median income of $60,547.[5]

Existing differences across our region are minimal. Rather than hindering our efforts, our differences create a strong foundation for a regional approach to improve living conditions for our families and communities. As an example: the median household income for Native Americans living on reservations in South Dakota is $47,666, $28,305 in North Dakota, and averages $35,214 across our region as a whole (Montana is $33,075 and Wyoming is $31,812). While Native residents of South Dakota's reservations earn higher household incomes on average, household income trends for our region are overarchingly similar. These similarities hold true across many metrics, including age, education, broadband access, income, poverty rates, per capita income, homeownership rates, bank office distribution, net worth, unbanked and underbanked rates, uninsured rates, rates of business ownership, retail leakage, and farm and agriculture statistics. The table below summarizes the demographics of Native Americans living on reservations in our region compared to the full population of the region and the United States as a whole. Please note that data is not available for all metrics for all populations.

SUMMARY REGIONAL DEMOGRAPHICS[6]	REGION NATIVE AMERICANS ON RESERVATIONS	REGION TOTAL	US TOTAL
Population	119,078	3,353,398	331,893,745
Median Age	25.1	37.4	37.8
HS Degree or Equivalent	31.8%	53.3%	88.0%
Bachelor's or Higher	11.8%	29.6%	32.1%

Households with Broadband	57.6%	81.4%	78.1%
Unemployment Rate	13.3%	2.9%	6.6%
Median Household Income	$35,214	$60,547	$62,843
Per Capita Income	$11,726	$32,838	$34,103
Poverty Rate	39.07%	10.85%	11.40%
Homeownership Rate	59.6%	67.2%	64.0%
Number of Bank Offices	282	1,469	74,928
Bank Offices/1,000 residents	0.39	0.45	0.23
Bank Offices per square mile	0.0028	0.0040	0.0197
Liquid Asset Poverty Rate	42.3%	ND	40.0%
Asset Poverty Rate	29.9%	ND	25.0%
Households with Zero Net Worth	13.9%	ND	20.0%
Income Poverty Rate	22.6%	7.1%	11.4%
Unbanked Households	13.2%	5.9%	6.0%
Underbanked Households	29.6%	17.3%	25.0%
Uninsured Rate	29.0%	11.3%	8.6%
All Firms	2,843	346,845	31,271,355
Total Employment	7,741	963,914	89,179,018
Total Payroll ($1,000)	$274,794	$27,769,772	$2,803,212,420
Total Sales ($1,000)	$47,426	$12,474,208	$1,184,332,690
Retail Gap	$346,367,639	-$6,118,384,289	-$47,303,299,984
Top 5 Industries Gap	$331,485,621	$2,399,941,866	N/A
Total Leakage Factor	21.24	-5.68	-0.50
# of Businesses	945	29,610	2,374,908
# of Farms	1,924	95,318	2,042,220
Land in Farms (acres)	7,687,532	169,713,095	900,217,576
Total Full Owners	875	53,794	1,408,961
Total Part Owners	756	33,222	493,137
Total Tenants	293	8,302	140,122

The above metrics individually and collectively illustrate the stark differences Native Americans residing on the reservations in our region face in comparison to both the total population of our region and the United States as a whole. Overall, our Native communities are younger, less educated, more likely to be unemployed, make less money, own fewer businesses and earn less money from them, have less wealth, are less likely to access (and have access to) financial services, and are less likely to own their homes than the general population.

When viewed in the historical context, the harsh realities that plague Native communities are easily understood. Over 500 years of colonization, war, genocide, and forced assimilation led to the spread of disease, mandatory attendance at boarding schools, broken treaties, and the institutionalization of racism through local, state, national, and international laws. The member CDFIs of the Coalition exist to support innovative solutions that catalyze the continued growth and reclamation of our culture, health, well-being, and wealth as Native people.

NATIVE AMERICAN ENTREPRENEURSHIP AND THE PRIVATE BUSINESS ECONOMY

One of the core tenants of the Coalition is a shared understanding of the vital roles that Native American entrepreneurship and the private business economy play in driving tribal and regional economic growth. Small business development and entrepreneurial investment are key drivers of said economic growth. While they may be systematically isolated from the broader economy, indigenous communities of the Mountain|Plains region are home to many small businesses and entrepreneurs who possess the tenacity and innovation needed to invigorate a thriving economy in the region.

For instance, Montana has ranked very highly in the Kauffman Index for Entrepreneurship. The state continues to rank highly for its business-friendly tax structures, a strength that presents opportunities for business development. Similarly, the Comprehensive Economic Development Strategies (CEDS) for Rosebud County (Northern Cheyenne Reservation) and Bear Paw District (Rocky Boy's Reservation) indicate small businesses are a key source of economic strength in their respective communities. As additional resources flow into the region, further development of shared platforms, procedures, training, and systems will be required to scale their capacity and enable these small businesses and entrepreneurs to grow. With the multitude of young entrepreneurs eager to contribute to economic growth in our region, the Coalition and our partners are uniquely situated to provide the support, action, and collaboration necessary to ensure their success.

Miller (2019) argues that "the importance of developing privately owned businesses in Indian Country is emphasized by the fact that small businesses are the primary ingredient of the United States economy. As of 2001, small businesses created 93% of the new jobs in the United States. **In Oregon, for example, as of 2008 small and family-owned businesses made up 90% of the state's economy, created 78% of new jobs, and paid more than 65% of all wages. When we compare these facts to the absence of small businesses and private sector economies in Indian Country it is no surprise that poverty exists on reservations."**[7] The truth in this statement emphasizes the opportunity our Coalition has to contribute to a robust private sector economy in our tribal communities.

Miller (2019) also outline the crucial factors for private sector development in Indian Country, many of which we address within our approach to community and economic development as the Coalition:[8] These factors include:

- Improving Financial Literacy
- Developing Human Capital (workforce development)
- Creating Entrepreneurs (training opportunities and identifying role models)
- Funding Privately Owned Businesses
- Enacting and Improving Tribal and Federal Buy Indian Acts (the multiplier effect)
- Improving Legal Institutions (attracting outside businesses and investors)
- Developing Reservation Physical Infrastructure (utilities, roads, land, and banks, as well as a need for business incubators)
- Attracting Human and Financial Capital Investments (tribal partnerships and tax and regulatory incentives)
- Developing Nonprofit and Nongovernmental Social Welfare Organizations (replacing some of the need for government services and employment while creating jobs)

Miller (2019) continues, **"...improving economic conditions in Indian Country greatly helps tribal cultures, reservation health and welfare, and the existence of Indian nations. Improved conditions encourage families to move home, increase salaries, and produce private profits and public tax dollars that can be used to support the study and practice of Native cultures, create and support language programs, sustain and improve governmental services, and improve social issues on reservations. Better economic conditions make families healthier."**

He also argues that "...entrepreneurship and business development outside the tribal public sector have the potential to create distinctive quality of life benefits for Native communities."[9] These points highlight the importance of our approach to developing reservation economies by investing in relationships with Native businesses.

THE STATE-WIDE REGIONAL ECONOMY

To better understand the situations within which our communities and businesses operate, it is important to understand the trends in our region on a state-wide scale. The top five gross domestic product (GDP), occupation, and business ownership industries in our region are:

	Top 5 Gross Domestic Product Industries[10]	**Top 5 Occupation Industries[11]**	**Top 5 Business Ownership Industries[12]**
1.	Mining ($21.7 million)	Office and administrative support (194K)	Health care and social assistance (7.7%)
2.	Real estate ($16.4 million)	Sales and related (147K)	Retail trade (7.2%)
3.	Health care and social assistance ($14.9 million)	Transportation and material moving (133K)	Accommodation and food services (6.2%)

4.	Agriculture, forestry, fishing and hunting ($14.7 million)	Food preparation and serving related (111K)	Manufacturing (5.9%)
5.	Manufacturing ($13.4 million)	Construction and extraction (110K)	Administrative and support and waste management and remediation services (5.7%)

The top industries by GDP, occupation, and business ownership in each state are:

	Top Gross Domestic Product Industry	**Top Occupation Industry**	**Top Business Ownership Industry**
Montana	Real estate	Office and administrative support	Health care and social assistance
North Dakota	Mining	Office and administrative support	Health care and social assistance AND Retail trade
South Dakota	Finance and insurance	Office and administrative support	Health care and social assistance
Wyoming	Mining	Office and administrative support	Health care and social assistance

This context is important to understand in order to situate our reservation economies as well as to identify our role and opportunity within our regional and state economies.

OUR RESERVATION SMALL BUSINESS ECONOMIES

INDUSTRIES

Our reservation economies differ a fair amount from the general state economies in our region. The primary industries on reservations are first, public administration (by far), followed by retail trade. Health care and social assistance industries rank fairly high for many reservations along with other services.[13] These trends are explained by statistics showing that tribal governments and tribal services are the primary employers on reservations. Trends for our region are reflected by this general industry data. This finding is also documented by Akee et al. (2018) who found that "reservations and nearby county areas have a similar sectoral distribution of business establishments, but reservations have significantly fewer of them in nearly all sectors, especially when the area population is below 15,000." Additionally, they found that the average size of a reservation business is smaller in revenue but larger in number of employees (especially in the Arts/Entertainment/Recreation and Public Administration sectors) than off-reservation businesses.[14] Similar research published in 2022 shows that it takes longer to open a business on a reservation than off of it, and these businesses tend to have lower sales volumes and less market access. However, they have more tax advantages and can strengthen relationships by enabling their owners to remain in close proximity to friends and family.[15] A 2021 report highlighted data showing that businesses on reservations are 5% more likely to survive than establishments in comparable counties. These results were strongest in the education, arts and entertainment, wholesale, retail, and public administration industries.[16]

A 2021 report from the Federal Reserve Bank of Minneapolis highlighted tribal enterprises, specifically mentioning that "there has been growth in tribal enterprises and they are primarily (more than three out of four tribal establishments) in the four broad industries most represented in government contracting: Professional Services (i.e., scientific and technical services), Construction, General Administrative Support, and Manufacturing. For comparison, these four industries make up only 30% of all business establishments across the country. This overrepresentation of tribal enterprises in the four most-represented industries indicates the importance of access to government contracting, particularly the Small Business Association's (SBA) 8(a) program, in determining the industry mix of tribal enterprises."[17]

It is also important to note that from 2007 to 2012 there has been growth in the number of Native American owned firms. The research here highlights differences between male- and female-owned businesses. There was a 14% growth for female-owned firms and 12.7% for those owned by males, but a decrease in annual sales by 7.3% for male-owned and 22.2% for female-owned firms.[18] In 2018, Native American women owned 1.4% of all female-owned businesses in the United States, for an estimated 161,500 businesses employing 61,300 individuals, and generated $11 billion in revenue.[19]

While there are many opportunities for growth and diversity in our reservation small business economies, many of our Coalition member studies describe the continued need for support, training, and technical assistance. A 2021 market study for People's Partner for Community Development found that a large amount of community needs centered on the absence of a thriving entrepreneurial ecosystem.[20] The need for service businesses, environmental maintenance, and efficient natural resource use abounds. However, without the proper social investments (e.g., training opportunities, services, and technical assistance) and capital investments (e.g., continual portfolio development and a revolving loan fund), a self-reliant, community-based economic system cannot thrive. Our members are tirelessly working to fill these gaps and support an entrepreneurial ecosystem.

NUMBER OF BUSINESSES, EMPLOYEES, AND SALES

According to the U.S. Census Annual Business Survey (2019) there are a total of **2,843 Native-owned businesses in our region.** This number equates to 0.79% of the total businesses in the region. The table below shows the number of businesses by state, the total percentage of businesses that are Native-owned in that state, and the percentage of the state's population that is Native. These data points display a gap between the percentage of businesses that are Native-owned and the proportion of the population that is Native. This discrepancy once again illustrates the economic and wealth disparities our communities face.

STATE[21]	Number of Native	Percent of businesses that	Percent of the State's

	owned firms	are Native owned	population that is Native
Montana	1,103	0.91%	6.70%
North Dakota	613	0.83%	5.60%
South Dakota	827	0.95%	8.57%
Wyoming	300	0.46%	2.70%

The next table shows the number of employees, payroll ($1,000), and sales ($1,000) for Native-owned businesses by state.

STATE[22]	Number of Employees	Dollar amount in payroll ($1,000)	Dollar amount in sales ($1,000)
Montana	2,579	$47,784	$18,105
North Dakota	2,676	$167,649	$12,591
South Dakota	1,915	$47,705	$11,942
Wyoming	480	$11,656	$4,788

We believe these estimated figures to be low for our region, based on the percentage share of Native businesses compared to the percentage of Natives in the total population. Member data collected around the number of businesses, employees, and revenue in our region also supports that supposition.

Projecting the total number of firms, employees, payroll, and sales for each state in our region based on the percentage share of Native Americans in that state's population results in the following table. These numbers are significantly higher than what the Annual Business Survey shows. We would not suggest that using the percentage population to estimate the number of businesses is accurate due to the long-standing barriers to business development in our communities but we do feel it illustrates the inaccuracy of utilizing census data, which is widely known to undercount Native Americans. The table below provides a goal for equal representation in business ownership for Native Americans and shows **a gap of 18,610 businesses in our region.**

STATE	Number of Native owned firms	Number of Employees	Dollar amount in payroll ($1,000)	Dollar amount in sales ($1,000)
Montana	8,130	21,330	$513,233	$280,913
North Dakota	4,114	12,682	$475,229	$155,644
South Dakota	7,451	20,186	$530,253	$268,068
Wyoming	1,758	4,956	$146,746	$64,102

Analysis of raw data from Pine Ridge and Cheyenne River Reservations paints a deeper picture of the situation portrayed by the Annual Business Survey. The Pine Ridge Area Chamber of Commerce (PRACC) has been conducting longitudinal surveys with business owners across the Pine Ridge Reservation each year from 2014 to 2018.[23] In 2014, PRACC surveyed seventy businesses operating on the Reservation. While this was only a sample of Reservation businesses and not the total number in operation, we will use this number as if it was a census in order to highlight the undercounting of the U.S. Census Annual Business Survey. In 2018, PRACC surveyed 105 businesses (a growth rate of 50% in four years). Cheyenne River Tribal Ventures (of which one of our member CDFIs, Four Bands Community Fund, was a key partner) also conducted a Reservation-wide survey in 2014 which included 106 businesses.[24] As we have previously demonstrated, our reservation communities share common experiences and trends; extrapolating Pine Ridge's 50% growth rate to Cheyenne River provides an estimated total of 159 businesses in 2018 for Cheyenne River.

While the estimates become much less reliable at this point, we would argue that Standing Rock and Rosebud, while similar in population size to Pine Ridge and Cheyenne River, have less of a history of business development support through a CDFI compared to Pine Ridge and Cheyenne River. Therefore, we would estimate their number of businesses in 2018 to be 106 (80% of the average of Pine Ridge and Cheyenne River). Crow Creek, Lower Brule, Yankon, and Lake Traverse are smaller (than Pine Ridge, Cheyenne River, Rosebud, and Standing Rock), and Lake Traverse and Yankton also compete with non-Native markets. Estimating their business market at 25% of the size of Rosebud's and Standing Rock's provides us with twenty-six businesses on each reservation. Even with these rough and low estimates, the total number of on-reservation businesses would be 581 for South Dakota in 2018. In South Dakota 47.6% of the Native American population lives off-reservation. Extrapolating those population distribution figures to estimate the number of Native-owned businesses not on reservations in South Dakota provides a total of 528 businesses. Together, there were an estimated 1,108 totally Native-owned businesses in South Dakota in 2018, which is 281 more businesses than was reported by the U.S. Census Annual Business Survey in 2019.

	2014	2018	2022
Pine Ridge	70	105	158*

Cheyenne River	106	159*	239*
Standing Rock	71*	106*	158*
Rosebud	71*	106*	158*
Crow Creek	18*	26*	40*
Lower Brule	18*	26*	40*
Lake Traverse	18*	26*	40*
Yankton	18*	26*	40*
Total On Reservation	388*	581*	871*
Total Off Reservation	353*	528*	791*
Total in South Dakota	741*	1,108*	1,663*

*all estimated utilizing PRACC growth rates

Using this method to approximate the difference between South Dakota's census reported data and data from our partners, we can estimate the total number of Native-owned businesses for the rest of our region. The table below displays these estimates, which show that there are likely 29% more Native-owned businesses (966 businesses) on our reservations than shown by the 2019 U.S. Census Annual Business Survey.

State	Estimated number of Native-owned businesses in 2018
Montana	1,478
North Dakota	821
South Dakota	1,108
Wyoming	402
TOTAL	3,809

The gap between census data and our member and partner data widens further when we consider employment provided by and sales generated by these businesses. We have data from PRACC, Four Bands Community Fund, and NACDC - Financial Services for the median number of employees and median sales in their markets.

The reported median number of employees and revenue from our local data sources are in the table below. Averaging the number of employees and sales reported by the census by the number of businesses reported in the census shows us that the average number of employees per business is 2.7 (1.58 less than our member and partner data). The census shows average sales of $16,682 per business, or $94,125 less than our member data indicates.

Data Source	Median Number of Employees	Median $ of Sales
NACDC - Financial Services (2016-2022)	3	$62,657
PRACC 2018 Business Survey[25]	7	NA - categories
Four Bands Community Fund 2020 Business Assessment[26]	2.8	$158,957
Total Average	4.3	$110,807

The table below shows the total number of employees and amount of sales from our member/partner sources compared to the Annual Business Survey.

	Our Total Employees	Census Employees	Our Total Sales ($1,000)	Census Total Sales ($1,000)
Montana	6,306	2,579	$163,773	$18,105
North Dakota	3,503	2,676	$90,973	$12,591
South Dakota	4,727	1,915	$122,774	$11,942
Wyoming	1,715	480	$44,544	$4,788
Region Total	16,252	7,560	$422,064	$47,426
DIFFERENCE	8,602		$374,638	

The data discrepancies between the census and our member and partner data are staggering. Funding decisions made based on these inaccuracies result in significantly lower investments in our communities, potentially to the extent of billions of dollars of lost investment.

THE FIRST ENTREPRENEURS: ARTISTS

In Native communities, both historically and today, art and artists (across many art forms) have been integral to every aspect of life. Native art is embedded in household economies, combining market approaches with traditional systems of reciprocity to focus on supporting families.[27] Our members support artists in our communities with customized loans and specific technical assistance. One of our key partners, First Peoples Fund, conducted a market study in 2013 which estimated that 30% of Native peoples are practicing or potential artists. This figure portrays a large art market for Native CDFIs to support. Research by Dr. Kathleen Pickering in 2000 and by Cheyenne River Tribal Ventures in 2014 found similar statistics: 51% of Native households on Pine Ridge depend on home-based enterprise for cash income; 79% of those consist of some form of traditional arts. On the Cheyenne River Reservation, 13% of community members own a business. 78% of those businesses were in the arts, for roughly eighty-three arts operating businesses/microenterprises.[28] Art is a significant industry within reservation economies and many of our local entrepreneurs are artists.

First Peoples Fund's market study describes the typical artist as primarily involved in the informal home-based sector, largely due to a lack of resources and support. They detail the core areas of support that are missing for artists, including [1] access to capital, [2] financial education, [3] business knowledge, [4] increased knowledge of the distribution networks that support artists, [5] access to markets, and [6] professional development training for artists.[29] All of these support systems describe the services Native CDFIs offer. Over the years, several of our members (some with support from First Peoples Fund) have developed products and services specifically for artists.

CASE STUDY: CELEBRATION OF NATIVE PLAINS ARTISTS

One of the many artists supported by NACDC through displaying their work at the Celebration of Native Plains Artists was Browning native Newton Racine.

At the age of ten, Newton's life was turned upside down. He was diagnosed with a cancerous brain tumor. Newton would undergo surgery, chemotherapy, and radiation. His love for sports and the outdoors was put on hold. "I was really active in school, did all the sports. But after that, I healed and got that done with, I had to be homeschooled for a long time," Newton said. It would not take long before he would find another passion. "I knew I couldn't do the stuff I used to do, so I went to art," Newton said.

He attended college at the Blackfeet Community College and took the few art courses they offered. In 2008, he enrolled at the University of Montana and majored in art. Due to his limited learning abilities caused by his childhood illness, he would leave college. But Newton did not give up. "I found a passion in this, I thought of it as a gift," Newton said. He was accepted into Missoula's Opportunity Resources program, which helps adults with disabilities.

"I don't like people to feel like they can't do anything or are hopeless."

Now the 38 year old is featured in art shows, something he never thought would happen. "It's exciting, I don't believe it. I couldn't believe that I could do stuff like this and I can."

Newton's passion is in painting and pottery. He focuses on pieces that relate to his culture. "It takes patience and time. After you get it and learn, it's fun," Newton said. Newton beat cancer and said he lives a healthy lifestyle today.

NACDC has hosted 73 artists since 2016 (starting with 9 in 2016 and growing to 24 artists in 2019). While the event was canceled in 2020 and 2021 due the pandemic they are excited to host it again in 2022.

Supporting artists as entrepreneurs plays a larger role in developing Native economies. According to the First Peoples Fund market study, "in South Dakota, the market economies on reservations are marginal and underdeveloped, requiring a creative integration of traditional economic practices and modern global marketing to generate culturally appropriate alternatives for building assets and creating wealth. A very small, though growing, number of privately owned formal businesses operate on these reservations. The vast majority of private enterprise that operates on reservations, and the sector with the greatest potential for dramatic growth, is informal, home-based businesses, many of which are focused on traditional arts. A better understanding of the role of these artist households in the reservation and regional economy, and the forms of support that might increase their economic impact, will provide guidance for more effective community and economic development practices and will illuminate opportunities for growth. Artist entrepreneurs can offer a path out of poverty through innovative and entrepreneurial thinking, cultural healing, greater economic stability, and strong families and communities."[30]

Developing cultural assets provides an indigenous pathway out of poverty. It contributes to our communities' abilities to increase leadership, capacity, assets, and wealth to alter the underlying causes of poverty and enhance our capacity for long-term sustainability.[31]

AGRICULTURE: A LONG HISTORY WITH A RENEWED FOCUS

Nation-wide, 79,198 Native American producers accounted for 2.3% of the country's 3.4 million producers. The number of Native producers increased 7% from 2012 to 2017. They utilize 59 million acres of farmland and generate $3.5 billion annually in agriculture sales. Native producers are younger and more likely to be female than non-Native producers. 75% of Native producers specialize in livestock production (compared to 53% of U.S. farms overall). Native farms accounted for less than 1% of U.S. agricultural sales but more than 6% of U.S. farmland. 63% of Native-owned farms had sales and government payments of less than $5,000 per year, compared to 44% of all farms. Generally speaking, individual Native-owned farms are larger on average but make less than non-Native farms.[32]

Montana ranks 6th for the greatest number of producers, while South Dakota has the 11th most (Arizona, New Mexico, and Oklahoma account for more than half of U.S. farms with Native producers).[33] South Dakota has the highest average per farm net cash from farm income of any state ($74,960). In our region the overall average net cash farm income per farm is $32,099. The average percent of female producers in our region is 36%, and the average proportion of producers under age twenty-five is 12%. The average size of Native-owned farms is 2,593 acres (non-Native farms in our region have an average size of 1,879 acres). Interestingly, the largest average farm size for non-Natives (in any state) is in Wyoming (2,430), which is the second lowest in our region for Natives (1,972). The largest farms on average for Native producers was in Nevada (5,171 acres). The average market value of Native agriculture products was $42,196 per farm, compared to the average of $124,704 for all farms/non-Native farms. This income disparity is even more clear when comparing the market value of livestock (Native = $37,697 and Total = $86,662) and Crops (Native = $4,499 and Total = $38,042).[34] Our region generates a good deal of agricultural activity, but the earnings of Native farmers are considerably lower than non-Natives, lowering their income and return on investment and making it harder to generate wealth.

PARTNER DATA CALLOUT

The Intertribal Agriculture Council surveyed the producers they service in response to COVID-19. The resulting report displays demographic data for Native producers which aligns with the data presented by the National Agricultural Statistics Service.[35]

- 8% first generation college students
- 18% value-add producers
- 37% over 56 years of age
- 4% under 25 years of age
- 55% livestock
- 28% produce

The possibility of larger loans and joint loans with a regional CDFI or a regional revolving loan fund would provide much needed flexible capital to assist a region with a wealth of agricultural history and production. Despite many banks being created to serve farmers (e.g. Farmers Bank and Planters Bank), farmers and ranchers generally run operations that do not necessarily align with standard banking services. Harvests do not align with financial quarters, planting is dependent on weather not fiscal years, and equipment, land, and labor is costly and fickle. Despite weeks of unpaid overtime, negative yields may still result in difficulties paying back borrowed money. The Native farmer and rancher deals with additional burdens from the effects of 1) operating in some of the western hemisphere’s poorest economies, 2) land leasing systems that generally do not benefit Native families, and 3) a severe lack of equity and collateral due to the discriminant reservation climate as a whole. Akiptan has proven successful due to the relationships they have built in a short amount of time with farmers and ranchers in the Mountain|Plains service area and throughout the United States. Along with hometown relationships built on generations of trust, they have also built off the knowledge and relationships of longstanding organizations such as the Indian Land Tenure Foundation and the United States Department of Agriculture (USDA) chartered by the Intertribal Agriculture Council. With more, much needed capital being made available to Akiptan, they could lead efforts to provide thriving opportunities to midwestern Native American families, thereby increasing the sovereignty of Native Nations and enhancing the health and security of America's food systems.[36]

The other CDFIs in our region have a long history of working with producers to understand their needs and provide flexible capital solutions to fit their operations. **Indeed, NACDC - Financial Services has seen an increase of 37% from 2019 to 2021 and a 284% increase from 2017 to 2021 in**

their agricultural lending portfolio. NACDC is projecting another $630,500 to be closed in agriculture loans in 2022 which would represent a 168% increase from 2021. Akiptan, which solely lends to Native producers, is projecting $2.5 million in loans for 2022.

Case Study: Native Food Hubs

The Native American Agriculture Fund estimates that there could be a potential recapture/claiming of $45.4 billion dollars by investing in Native food hubs, which would surpass the Indian gaming industry ($33 billion). Native food hubs operate complete systems including farm production, food processing, packaging, wholesale trade, retail trade, food services, energy, finance and insurance, and advertising.[37]

One such proposed food hub is Makoce Agriculture Development, directed by Nick Hernandez, on the Pine Ridge Reservation. His operation just secured forty acres of land for a production farm which will also house his processing facility. He is currently working to secure additional land for the food hub itself, which would support incubator space for food-related businesses and drive training and community engagement with agriculture. His approach to community engagement, networking, and knowledge sharing speaks to the role of food in our lives and supports the next generation of Natives supporting themselves through their ecosystem.

FINANCIAL CAPABILITY AND LITERACY

As CDFIs our core response to community development centers around access to credit, increased financial well-being, and ultimately wealth building.

In order to increase regional innovation and entrepreneurship capacity, attract private sector investments, create well-paying jobs with good benefits, and develop a regional workforce, a holistic approach to economic development is critical for sustained impact. Access to capital, a core tenant of the our Coalition approach, is the seed for growth strategies designed to lift up struggling economies. Native CDFIs, which have been filling the credit and capital gap in Native communities for decades, are optimally positioned to create equitable opportunities. Our organizations enter markets deemed "too risky" by traditional financial institutions and deploy capital to businesses, which in turn create jobs that generate income for families. South Dakota's reservations, where two of the nation's leading Native CDFIs are located, have a higher rate of self-employed workers, higher median household income, lower poverty rate, higher homeownership rate, and lower unemployment rate than the region's other reservations, where younger, developing Native CDFIs are located. This is a clear indicator of how our financial institutions are impacting reservation economies and why investments in the Indigenous Finance Industry are a crucial part of closing the racial wealth gap.

The barriers that our communities face in the finance industry, while improving for many, still abound compared to those faced by non-Natives in our region and beyond. **Some of the major financial trends we observe and regularly address in our work include access to capital, building credit and responding to derogatory marks, establishing a banking relationship, decreasing predatory lending/services, and improving financial literacy.** The current situation in our communities around these topics are discussed in more detail below.

ACCESS TO CAPITAL

Reservation communities in our region experience varying access to capital and banking services. Expanding access to capital has generational effects by improving financial outcomes over the long term. In particular, exposure to financial institutions from an early age is correlated with improved consumer credit outcomes. But outside factors have caused financial infrastructure to develop unevenly across our Native nations. In 1953, the passage of Public Law 280 (PL280) by the U.S. Congress had the unintentional consequence of hampering the development of financial markets on specific reservations. Prior to the passage of the law, state and tribal court reservations experienced similar financial and economic climates.[38] With the passage of PL280, certain reservations now fell under the jurisdiction of state courts in regard to enforcement of debt contracts. On non-PL280 reservations, however, tribal courts remained the enforcer.[39] In the succeeding years, reservations with tribal court debt enforcement lagged significantly behind state-court enforced reservations when it came to the development of financial and banking infrastructure. By the 2000s, reservations with tribal court enforcement of debt contracts had an estimated 20% fewer bank branches when accounting on a per capita basis.

A 2019 study showed that those individuals raised on reservations have lagged behind in terms of financial infrastructure and thus experience long-term detrimental effects to their consumer credit. They are generally older at the time that they first enter the credit market, and as adults, have credit scores that are ten points lower than their peers raised on financially developed reservations. These individuals also are 4% more likely to have delinquent accounts. These effects have long-term consequences, but can be mitigated by exposure to financial institutions and becoming more financially literate from an early age. Fortunately, for those individuals who grew up and are currently growing up on reservations with underdeveloped financial institutions and infrastructure, mandatory training in financial literacy can significantly reduce the ill effects of that early gap in education. Interestingly, mandated math and general economics education do not have the same effect as financial literacy training.[40]

CONCENTRATION OF FINANCIAL INFRASTRUCTURE ON NATIVE NATIONS

The average distance from a reservation's geographic center to the nearest banking facility is 12.2 miles as the crow flies, which does not account for driving distances. For reference, the national average is less than four miles.[41] On average, reservations in North Dakota and Wyoming have fewer bank offices per square mile and per 1,000 residents in comparison to their states as a whole. Within the state of North Dakota, there are 0.0032 bank offices per square mile and 0.41 banks per 1,000 residents, but the state's tribal communities average only 0.0030 and 0.3875 banks per square mile and per 1,000 residents, respectively. The Wind River Reservation in Wyoming is significantly underbanked when compared to the state as a whole, with only 0.0014 banks per square mile and 0.33 banks per 1,000 residents, compared to 0.0035 and 0.42 respectively at the state level.

Of the seventeen reservations included in our regional analysis, ten had fewer banks per square mile than their states as a whole. These Reservations are Cheyenne River, Pine Ridge, Rosebud, Standing Rock, Spirit Lake, Wind River, Blackfeet, Fort Peck, Rocky Boy's, and Northern Cheyenne. Similarly, nine Reservations had fewer bank offices per 1,000 residents when compared to the data from their state. These nine reservations are Pine Ridge, Rosebud, Standing Rock, Spirit Lake, Wind River, Blackfeet, Flathead, Fort Belknap, and Northern Cheyenne. See the table below for a summary by state and reservation.

As reservations in each state experience varying degrees of access to capital, the vital role that Native CDFIs play in expanding capital access for their communities should not be understated. Reservations with established CDFIs have significantly expanded capital access and access to banking services in their communities.[42]

State	Reservation	Bank Offices per Square Mile	Bank Offices per 1,000 Residents
South Dakota		0.0014	0.33
South Dakota Reservation Average		0.00326	0.42
	Cheyenne River	0.0011	0.53
	Pine Ridge	0	0
	Yankton	0.0052	0.64
	Rosebud	0.0007	0.1
	Lake Traverse	0.0093	0.81
North Dakota		0.0032	0.41
North Dakota Reservation Average		0.0030	0.39
	Turtle Mountain	0.0064	0.41
	Standing Rock	0.0006	0.36
	Fort Berthold	0.0037	0.49
	Spirit Lake	0.0014	0.29
Wyoming		0.0035	0.42
	Wind River	0.0014	0.33
Montana		0.0030	0.39
Montana Reservation Average		0.0035	0.42
	Blackfeet	0.001	0.22
	Flathead	0.0074	0.37
	Fort Belknap	0.005	0.3
	Fort Peck	0.0014	0.64
	Rocky Boy	0.0024	0.43
	Northern Cheyenne	0.0006	0.32
	Crow	0.0064	0.65
	Regional Average (Reservations)	0.0032	0.41
	Regional Average (States)	0.0028	0.39

While some of our reservations have similar rates to their state, we believe that there are inaccuracies in this data as we are forced to use counties rather than reservation boundaries to estimate the total number of banks in a region. For reservations that overlap counties with large towns off-reservation these financial access numbers can be skewed. For example, Lake Traverse (Sisseton Wahpeton) is located in four South Dakota counties with the majority in Roberts County. Roberts county has 0.0053 bank offices per square mile. A small portion of Lake Traverse is located in Codington County of which there are 0.021 bank offices per square mile due to the larger town of Watertown. Watertown is located 53 minutes from the tribal headquarters in Agency Village. This example is not unique to Lake Traverse and highlights some of the issues in accessing banking institutions that the data does not always convey well. Indeed, Eric Swack from WRDF mentioned that he would be surprised if any banks are actually physically located on reservations and while tribal members access those institutions there is a difference when those institutions are not within the boundaries of the reservation.

To try to accommodate for this issue we analyzed the bank office distribution but took into account the percent of the population in that county that was Native American. When we do that, the counties with at least 50% of their population being Native American have an average of 0.28 bank offices per 1,000 residents and 0.0012 bank offices per square mile. Compared to the remaining counties (33) that have less than half of their population being Native American there was an average of 0.57 bank offices per 1,000 residents and 0.0051 bank offices per square mile. For further comparison the lowest number of banks per 1,000 residents was zero and the highest was 1.52. The lowest number of banks per square mile was zero and the highest was 0.021. Additionally, of the top ten counties with the lowest number of banks per square mile the average percentage of Native population was 64% (compared to 19% for the remaining counties). For the top ten counties with the lowest number of bank offices per 1,000 residents the average percentage of Native population was 49% (compared to 23% for the remaining counties). This data and the tables below paint a clear picture of the lack of access to traditional banking institutions for counties with higher distributions of Native Americans, a gap which Native CDFIs work to fill.

	At Least 50% Native	Less than 50% Native	Lowes t	Highest
Bank Offices per 1,000 residents	0.28	0.57	0	1.52
Bank Office per square mile	0.0012	0.0051	0	0.021

	Average Percent Native Population	Average Distribution of Banks
Top 10 Lowest Banks per square mile	64% Native	0.00046
Remaining 36 Counties per square mile	19% Native	0.18

Top 10 Lowest Banks per 1,000 residents	49% Native	0.139
Remaining 36 Counties per 1,000 residents	23% Native	0.59

CDFIs can help fill the capital gap in underbanked Native communities. The chart below shows the number of total credit unions for each of the states in our region, as well as the number of CDFIs in each state. CDFIs may be legally registered as loan funds or credit unions, but share a common purpose in expanding capital access to underserved communities.

State	# CDFIs (Loan Funds & Credit Unions[43]	# Credit Unions[44]
South Dakota	14	36
North Dakota	6	34
Montana	15	46
Wyoming	4	23

The demand for banking services and financial infrastructure on reservations is growing rapidly. One way this need is evidenced is through the expanding asset base of Native owned and controlled depository institutions. In 2001, Native institutions managed $935,026. In 2020, that amount had grown to $5,931,035. The period from 2018 onwards saw particularly strong growth. From 2018 to 2019, Native managed assets grew $1,566,280, and from 2019 to 2020 they increased by $1,385,135. The immense growth from 2018 to 2020 had an outlier effect when accounting for the average growth over the nineteen-year time period under consideration. From 2001 to 2020, the year-over-year average growth of Native managed assets was $262,947.[45]

In addition to the demand for depository institutions, there is also a need for increased financing to support the growth of the Native business industry. Due to the fact that Native communities have historically been un- or under-banked, Native business owners are less likely than business owners in general to receive financing from banking institutions. In 2012, 7.5% of all business owners used banks to finance their start-up costs, while only 3.6% of Native Hawaiian and 5.6% of Alaska Native and American Indian business owners received bank financing. Lack of access to more traditional business financing methods has also led Native business owners to rely slightly more on credit cards for start-up and growth funding than their non-Native counterparts.[46] CDFIs have the opportunity to fill both the depository and financing gaps that currently hinder Native entrepreneurship and business development.

CREDIT SCORE AND THE DEBT BURDEN

A 2015 study of credit history for residents of reservations found that they experience poor, limited, or no credit history. While there are significant variances amongst states and throughout time when comparing credit use for on and off reservation areas, racial discrimination remains a significant issue within reservation credit markets. In comparison to off-reservation regions, certain forms of credit are used more on reservations. Auto loans are one such type. However, this increased usage of credit is not the same for all types of loans. Reservations have fewer home loans than off-reservation regions.[47] It is important to note that automobiles tend to be a depreciating asset while homes tend to appreciate in value over time. Native borrowers are therefore more likely to be able to receive financing for assets that will decline rather than grow in value, which may hinder their ability to accumulate generational wealth.

For the ten-year period from 2002 to 2012, the average consumer credit score for residents of reservations rose, regardless of their race. However, individuals living on reservations, regardless of their race, have lower credit scores than individuals who live near to but not on those reservations. In 2017, researchers computed credit score differences for on and off-reservation residents for nineteen states. Of those states, North Dakota joined Arizona as the two states with the largest differences in credit scores for on-reservation and nearby residents. The average credit score for individuals living on reservations in North Dakota was over seventy points lower than the average for off-reservation residents.[48] However, researchers found that CDFIs were able to help mitigate the lower average credit scores experienced by reservations residents. On average, the addition of a single Native CDFI staff member for every 1,000 reservation residents generates a forty-five point increase for residents' credit scores, provided that those individuals had a starting credit score in the lower third of the 300 - 850 point scale. The chart below demonstrates the percentage of Native nation residents who fall into each of the various credit score ranking ranges from our CDFI member data.[49]

Credit Score Ranges	
Excellent (800-850)	3%
Very Good (740-799)	12%
Good (670-739)	25%
Fair (580-669)	40%
Poor (300-579)	19%
No Credit	1%
Median Credit Score	642

MEDICAL DEBT AND THE ROLE OF NATIVE CDFIS

While healthcare is a Treaty right for all of the Native nations included in our region, inadequate healthcare provisions have long been an issue that has plagued reservation communities. Since 2016, the issue of inadequate medical care has been exacerbated by the refusal of the Indian Health Service (IHS) to pay referred medical bills for over 500,000 patients. Over the past five years, IHS has denied costs of approximately $4,000 per patient, for a total medical debt of over $2 billion.[50] While medical debt presents a significant burden to Native individuals on its own, it can also have detrimental effects on credit scores and make it more difficult for those individuals to receive financing through traditional means. In these instances, Native CDFIs have the unique ability to both understand and work with clients to help them receive financing in spite of their medical debt. They are also positioned to provide education to clients and their general communities regarding medical debt and IHS' history of not paying referred medical costs. This education can include methods to avoid debt if possible, as well as the importance of setting up payment plans with providers while waiting for IHS payment processing to avoid detrimental marks on their credit score. Four Bands Community Fund identified the issue of medical debt as having detrimental impacts on their clients' abilities to secure financing as early as 2010. In the years since, they've worked with their local IHS to mitigate this issue in addition to their advocacy efforts to educate their community around the impact of medical debt on their individual financial profiles.

This type of advocacy work by Native CDFIs provides vital education to community members regarding ways to avoid medical debt in the interest of their financial well-being. Tim Guardipee, Project Director of the Native American Development Corporation's CDFI, spoke to how clients unwittingly incur medical debt:

> *"...Most of the debt being discussed is not actually IHS debt but possibly other medical facilities that IHS Contract Health may or may not be responsible for. If a client is referred out of an IHS facility to a third party facility the general perception is that IHS Contract Health is going to cover this (timing of paying the bills notwithstanding), however, if a client goes to said facility without being referred my understanding is there is not an IHS responsibility, which then turns to the responsibility of the client themselves. Whether through lack of communication or the failing of the responsibility of IHS this tends to fall in the lap of the client, most of the time unknowingly."*

While some medical debt or detriments to clients' credit scores can be mitigated by following the proper processes, this is not always the case, as was pointed out by Lakota Vogel, Executive Director of Four Bands Community Fund. In her words,

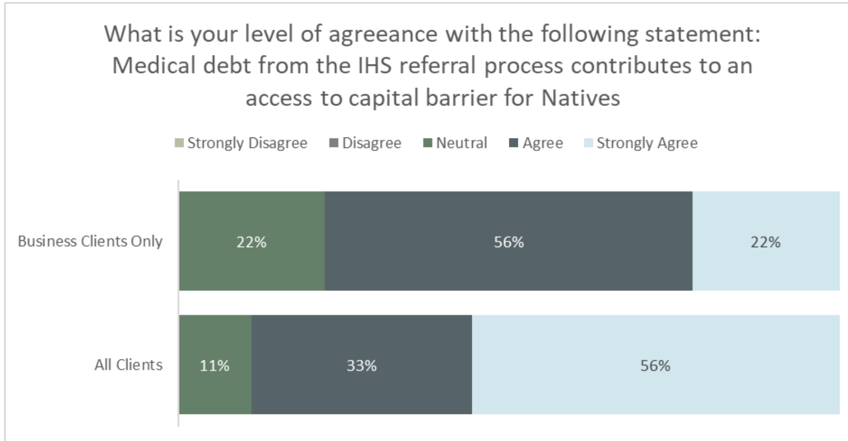
> *"It's a complicated issue for sure. We see medical debt on the individual credit files. It can come from many situations: NOT being referred by IHS and BEING referred by IHS, that level of data is only known when you speak to the individual about the situation. I PERSONALLY had debt get close to hitting my credit report from a referral by IHS. I did all of my maternity appointments at IHS but IHS does not deliver babies in Eagle Butte so at week 36 you get a referral to a hospital that delivers babies. I ensured the hospital had the referral information then delivered my baby. 90 days later IHS had not paid the hospital and I got a collector call and letters in the mail. I took them to the contract health department at IHS and they say they will take care of it. Fortunately, they did! This is not always the case."*

Tonya Plummer of Montana Native Growth Fund also spoke to the ways clients incur medical debt and how their CDFI is able to assist clients with financing in spite of any detrimental marks on their credit score.

> *"IHS is so terribly underfunded [that] they are habitually slow to pay and the delays often decrease credit scores when medical providers won't wait. One could argue the client should*

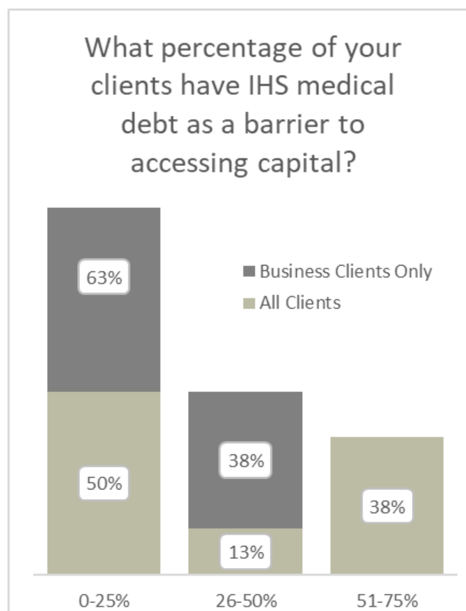
enter a payment plan with the provider until IHS pays, but most refuse as medical care through IHS is a treaty right and one of the few "benefits" we retain after significant land loss.

Related to housing finance, HUD allows a manual override of medical debt for 184 loans, so they are not a barrier. This is on paper but may not be in practice, and very few 184 loans are closed in tribal communities, most are in urban areas where borrowers may carry standard health insurance as a back-up. Typically, USDA follows suit with HUD though too few USDA-RD loans are closed for Indians so it's hard to know for sure. In underwriting business loans, we would give grace to debt of this nature and view a credit profile more holistically than a score, but the banks likely would not."



While hard data regarding the number of Native CDFI clients who suffer financial hardship and face difficulty securing financing due to medical debt is currently limited, our members provided some insights from their own records into how this issue affects their clients (presented in the graph on the previous page and to the right).

Overall, medical debt presents a significant financing barrier to many Native individuals. Native CDFIs play a vital role in preventing the occurrence of medical debt through their existing client education programs. They can also help clients who have accumulated medical debt and therefore face challenges securing financing through traditional lending institutions receive financing by taking a holistic approach to their lending decisions.



BANKING RELATIONSHIPS

The ongoing U.S. legacy of white supremacy means People of Color are significantly more likely to be un- and underbanked than white individuals in the United States. Expanding access to no-cost and low-cost financial services such as micro short-term loans, check cashing, checking and savings accounts, and easing burdens for bill payment is essential to closing this gap. CDFIs, due to the nature of their hyper-local focus, have a unique understanding of the specific needs of their communities and are thus best able to meet said needs through expanded financial services.[51]

Those most likely to be un- and underbanked include disabled, working-age, low-income, and American Indian and Alaska Native, Black, and Hispanic individuals, as well as those with less formal education. Individuals whose income is inconsistent are also more likely to be unbanked.[52] Many Native individuals living on reservations experience income volatility due to a lack of sustainable, full-time employment opportunities.

American Indian and Alaska Native households have the highest unbanked rates in the United States, according to a 2019 survey by the Federal Deposit Insurance Corporation (FDIC). 16.3% of households in our communities do not have any type of savings or checking account, nor do they have any other type of relationship with a financial institution. In addition to high rates of poverty and unemployment on reservations, physical distance and low rates of broadband access have continued to hamper access to financial services for Native individuals. A lack of both financial literacy training and familiarity with financial institutions can also be compounding factors that lead individuals to remain unbanked. Unbanking has detrimental effects that can persist across generations. Individuals raised in regions such as ours, with few or no financial institutions or banking infrastructure, have two to four percent higher delinquency rates, seven to ten fewer points on their credit score, and are 20% less likely to even have a credit score at all. The effect of these factors is equivalent to a reduction of $6,000 in annual income, which has compounding effects over an individuals' lifetime and hampers their ability to build generational wealth. Unbanked individuals are also more likely to rely on alternate, predatory financial systems such as payday loans, check cashing services, pawn shops, or other types of rent-to-own agreements. Native American owned and controlled financial institutions play a significant role in closing the banking gap in our communities.[53] Continuing to support both established and young Native CDFIs in our region is especially important in addressing the banking gap, as the number of unbanked American Indian and Alaska Native households has actually increased in recent years. The percentage of unbanked Native households rose from 15.3% in 2015 to 18% in 2017, before falling to 16.3% in 2019.[54] Swift action is needed to work to close the gap and ensure that more households are able to access banking services.

The table below shows the percentage of un-and underbanked populations in our region and in the United States as a whole.

UNDER AND UNBANKED	**Average of Our Region**	**United States**
Total Underbanked all Populations	17.30%	25.00%
Total Underbanked on Reservations (or AIAN for US)	29.60%	28.90%
Difference	12.30%	3.90%
Total Unbanked all Populations	5.90%	6.00%
Total Unbanked on Reservations (or AIAN for US)	13.20%	16.30%
Difference	7.30%	10.30%

PREDATORY LENDING AND SERVICES

Predatory lending institutions, as mentioned in the section above, are well-established in Native communities due to the lack of access to banking services and financial institutions. In October 2020, the use of alternative financial products such as payday loans, as well as percentage of community residents with debt sent to collection agencies and low credit scores, was twice as high for communities that had a majority Native American and Black populations in comparison to residents of communities where the majority population was white. A 2015 National Financial Capability Study tracked data for American Indian and Alaska Native populations for the preceding five-year period and found that 24% had used a pawn shop, 17% had relied on short-term payday loans, 11% had used an automobile title to secure a loan, and 12% had entered rent-to-own agreements. Altogether, 37% of individuals had used one or more of these alternate financing services.[55] Native households were also more likely to use check cashing services and money orders. For comparison, in 2019, only 17.2% of all U.S. households had used alternate financial services such as money orders, check cashing, and bill payment services within the last year. American Indian and Alaska Native households were among those who are less likely to depend upon banks and financial institutions for credit, and instead seek alternate sources.

The way that race impacts access to formal lending services is compounded by the rural nature of communities in our region. In 2019, rural households had the lowest usage of bank credit at only 64.6%, in comparison with 77.3% of suburban households and 69.2% of urban households. Rural households also have a higher likelihood of using non-bank credit than urban and suburban households. 6.3% of rural households use nonbank credit while only 4.1% of suburban and 4.9% of urban rely on nonbank credit. Rural households in the western United States are also less likely to use bank credit than urban and suburban households in the region.

The table below shows the percentage of all, Native, and white households that have used various forms of bank and nonbank credit in 2019. Native households are significantly less likely to use bank credit than from all households and white households. However, they are almost three times as likely to use nonbank credit as white households, and almost twice as likely to use nonbank credit in comparison to all households. While Native households apply for credit at similar rates to all households and white households, more than twice as many Native households do not apply for credit for fears of being turned down in comparison to white households. [56]

	All Households	Native Households	White Households
Bank Credit	72.5%	54.4%	78.7%
Nonbank Credit	4.8%	9.2%	3.6%
Applied for Credit	15.1%	15.7%	15.8%
Didn't Apply for Credit for Fears of Being Turned Down	6.3%	10.3%	4.9%

Data from our clients across our region in the chart below shows the percentage who have used predatory lending or other non-bank services to receive financing.

	I don't know	**No**	**Yes**
Predatory Loans	6%	77%	17%
Money Orders	1%	70%	28%
Check Services	4%	84%	13%
Pawn Shop		91%	9%
Rent-to-Own		92%	8%
Paycheck Advances	1%	79%	20%

FINANCIAL LITERACY AND CAPACITY

In 2015, the FINRA Investor Education Foundation conducted a Financial Capability Study and found that Indigenous individuals in the United States experience greater amounts of financial fragility than a wide number of other groups. In particular, American Indians fall behind Asian-Americans and European-Americans when it comes to the extent of their financial literacy and other measures of financial capability. Our communities, similar to Black and Hispanic communities, have lower rates of use for traditional (formal) financial products. Due to the lack of financial infrastructure and institutions throughout our region, our youth are disadvantaged from an early age when it comes to financial literacy training. The probability that they will learn about financial management and financial literacy from their parents is also lower, which perpetuates the cycle of poverty that is so prevalent in our communities. As discussed previously in this section, exposure to financial institutions from an early age has positive life-long effects on an individual's financial well-being. To mitigate the ill-effects that result from lack of access to capital and financial institutions, CDFIs can provide training opportunities to help fill the financial literacy gap in our communities and break the cycle of generational poverty.[57]

THE INDIGENOUS FINANCE INDUSTRY

In the thirty years since the founding meeting of Native Americans in Philanthropy, the proportion of grant making for Native American communities has only marginally increased.[58] Even though the American Indian and Alaska Native population represents 2% of the total U.S. population, over the fifteen year period from 2002 to 2016, large U.S. foundations gave, on average, only 0.4% of their total annual funding to Native American communities and causes.[59] Although 20% of large foundations give to Native communities and causes, most large foundations only give one or two grants.[60] Many have argued that philanthropic funding for Native Americans should be proportionate, when compared to the size of the population in the U.S.[61] We would argue that in order to achieve equity, the proportion should be larger due to the long history of lack of support from philanthropy. While there have been positive trends in philanthropy (Northwest Area Foundation especially), funding for Native Americans is still not a priority for the vast majority of large foundations. Efforts to increase funding will require greater engagement.[62]

One common critique of philanthropic funding for Native communities and causes has been its variability from year to year.[63] Typically, years with more funding are followed by a dip the following year. These fluctuations do not appear as dramatically in overall philanthropic trends.[64] This inconsistency and volatility of funding has consequences for our Native communities, demanding more attention and planning for unforeseen changes in philanthropic support from year to year. This causes unnecessary stress and strain on our already overburdened Native CDFIs. In a 2018 report from First Nations Development Institute, they state that "the consequence of this volatility for community organizations is instability in predicting revenue, which then leads to instability in organizational growth, development and programming, as well as other negative organizational outcomes."[65]

The lack of adequate funding and the corresponding low organizational capacity present the most pressing challenges for Native communities and causes. A lack of organizational capacity is a significant problem, as many of the organizations do not have a Development department or sufficient staff in place to seek grant support and raise funds at the level needed. The second most frequent problem is the foundations' lack of understanding about Native communities and a subsequent lack of alignment with foundation programs. This is in part because foundation personnel are largely unfamiliar with Native people and communities and priorities and perspectives therefore differ. There is a lack of Native people on the boards, staff, and as resource people in foundations.[66] The lack of representation of Native Americans in leadership roles within philanthropy contributes to this problem. In 2018, 1.6% of people working in philanthropy were Indigenous; in 2020, only 0.8% were Indigenous. Compared to other races working in philanthropy during the same period, Indigenous people experienced the second lowest rate of representation. The least represented group was Middle Easterners, as well as those stating "different identity".[67] As argued elsewhere in this report, lack of Native visibility certainly affects the level to which Native Americans are included in planning and distribution of philanthropic funds.

The lack of access to philanthropic dollars becomes increasingly important as Native CDFIs are forced to diversify our funding sources due to the CDFI Fund Native American CDFI Assistance Program's lack of growth to meet the demand of our industry. For example, in 2012, 77% of CDFIs relied on the CDFI Fund for more than 20% of their operating budget. In 2018, that percentage decreased to 46%. While this decrease shows improved CDFI sustainability and asset diversification, it is also a symptom of a lack of supportive federal funding. Thus, philanthropy has stepped in to fill the gap; in 2018, the share of foundation grants and local or state grants had grown significantly from 2012 levels.[68]

And yet, there is still so much to do. Even as foundations and corporations roll out some of the largest philanthropic commitments to racial equity ever seen, Native America is often excluded. Native American families and small businesses should not be an asterisk in racial justice conversations.[69]

DISMANTLING THE NATIVE WEALTH GAP

HOW NATIVE AMERICANS EXPERIENCE THE RACIAL WEALTH GAP

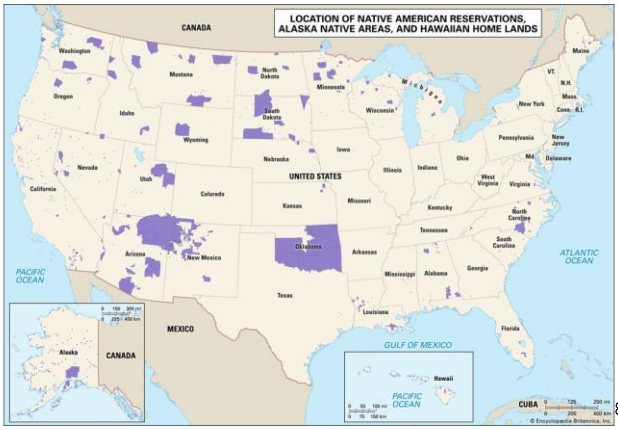
Wealth, as traditionally defined by mainstream capitalism, can be summarized as "the abundance of valuable financial assets and physical possessions which can be converted into a form that can be used for transactions."[70] This definition is extremely limited and excludes many of the ways that Native Americans and many other communities of color define wealth (with a greater focus on relationships). However, it deepens our understanding of the operational burdens facing Native American communities. **As discussed previously, the American Indian wars, broken treaties, land theft, forced attendance at boarding schools, and discriminatory legal policies (among many other atrocities) have created and perpetuated a state in which Native households own only eight cents ($0.08) of wealth for every dollar owned by a white household.**[71] 'Redlining' due to the Allotment Act of 1887, the Homestead Act of 1962, the Dawes Act of 1887, and the Social Security Act (to name a few) systematically excluded and denied households of color (and more directly Native American households) from land ownership, wealth generation, business ownership, and homeownership.[72] While nearly five centuries of exclusion has more impacts than we can explore in this report, some of the more impactful outcomes around wealth for our Native businesses and families are discussed further in the following sections.

POVERTY AS AN INDICATOR OF WEALTH

In the United States today, more than a quarter of American Indian and Alaska Natives are living in poverty. This is more than double the share of the general population.[73] From 2003 to 2007, the Native American poverty rate grew from twice as high to nearly three times as high as the poverty rate for non-Hispanic whites.[74] If this trend continues, it will take until 2060 for Native Americans to reach the same poverty rate as the United States' total. These statistics indicate a clear poverty gap that is heavily impacting the Native American population.[75] When additional demographics (such as gender or parenthood status) are taken into consideration, other poverty-related disadvantages for Native Americans come to light.[76] Being American Indian/Alaska Native has been found to increase the odds of having difficulty making ends meet. Having dependents only increased these odds further, putting parents or family members caring for children in even worse off circumstances.[77] **For Native women, data has shown that on average, they make sixty cents for every dollar earned by white men. This income inequality further stacks the odds of overcoming poverty against them.[78] Over her forty year career, a Native woman stands to lose nearly $1 million due to this wage gap. This keeps families in poverty, especially when the woman is the head of household or a single parent. For some tribes, the outlook is even more bleak. Blackfeet women experience the largest wage gap, earning only fifty-two cents for every dollar that non-Hispanic white men make. Their plight demonstrates that poverty doesn't impact all Native Americans the same.**[79]

The wealth gap for Native Americans and the average U.S. population was 8.7% when data was last readily available in 2000.[80] **In a 2017 study that asked participants if they had a difficult time covering expenses and paying bills for their household, 63% of American Indian and Alaska Natives reported they did. This percentage was higher than any other race.**[81] American Indian and Alaska Native participants also reported occasionally over drafting their checking account and having to ask a family member outside of their home for money more frequently than any other race. When asked about confidence in their ability to come up with $2,000 if an unexpected expense arose, American Indian/Alaska Natives were most likely to report that they were certain they could not come up with the money. This certainty demonstrates a potential lack of personal and household wealth compared to other races.[82]

Persistent poverty counties are characterized as having a high rate of poverty over a long period of time. Native American reservations are typically located in very rural and often isolated locations. Persistent poverty impacts roughly one in seven rural counties. The maps below compare where Native American reservations are located (left) and where persistent poverty counties are located (right).[83]



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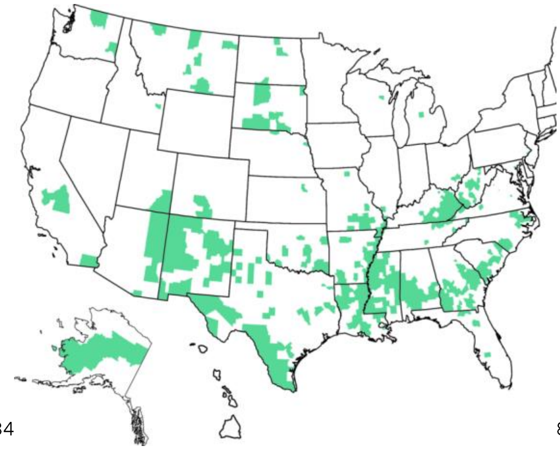
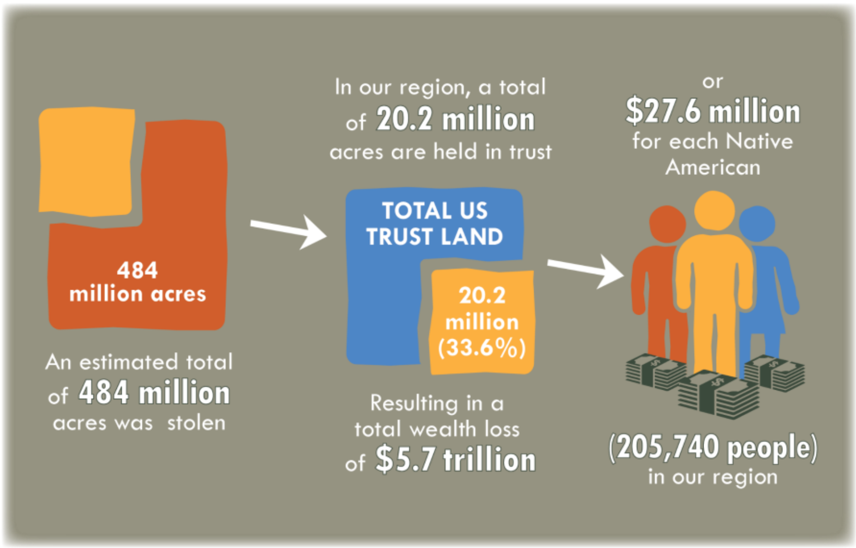

[85]

There is clear overlap with counties experiencing persistent poverty and reservations, especially when looking at Montana, North and South Dakota, and the four-state area of Utah, Colorado, Arizona, and New Mexico. Interestingly, when looking at the poverty gap between rural and urban areas, the gap is still larger for American Indians than when compared to the white population in a rural vs urban situation.[86] This finding suggests that living in rural areas is not the sole driving cause of poverty for Native Americans, as it does not have such an intense impact on other races. Lack of employment has been seen as a significant factor contributing to poverty for Native Americans. AIAN populations have the lowest percentage of participation in the labor force, at less than 60% in 2016.[87] Native Americans have also been found to be disproportionately impacted during recessions and economic downturns, making it more difficult for our communities to bounce back.[88] The answers are not blatantly clear as to why Indigenous populations experience poverty at rates much higher than the rest of the United States and other races. However, clues continue to emerge that relate our circumstances to historical wrongs and traumas, rurality, lack of employment, and systemic and litigated stripping of wealth, all of which contribute to the persistent poverty Native Americans experience across the nation.

STOLEN LAND

The reasons behind the racial wealth gap Native Americans experience tell a complicated tale spanning five centuries. Much the lack of economic forms of wealth in Native communities can be attributed to massive land theft, initiated, supported, and perpetuated by the federal government. Currently, a total of 70,153,093 acres of land is deemed Native land by the Bureau of Indian Affairs (BIA). Of that land, 94.1% is held in trust (66,039,240 acres), 2.3% is fee land ($1,612,481 acres), and 3.6% is restricted land (2,504,372 acres).[89] It is estimated that the current trust land base is roughly 4% of what Native people originally occupied – which would have been nearly 1.7 billion acres.[90] Recent research by the Anderson School of Management at the University of California Los Angeles (UCLA)'s Christian Dippel estimates that the total wealth loss per 160-acre allotment would amount to between $500,000 and $1.8 million.[91] **Utilizing the $1.8 million estimate, we could argue that the total wealth loss for all stolen land plus land in trust that cannot be fully accessed as a traditional asset, would equal $18.5 trillion – or roughly $3.6 million for every Native American individual in the country (roughly 5.2 million people).** In our region a total of 20.2 million acres are held in trust (33.6% of the total trust land in the United States). An estimated total of 484 million acres were stolen, resulting in a total wealth loss of $5.7 trillion – $27.6 million for each Native American (205,740 people) currently living in North Dakota, South Dakota, Wyoming, and Montana.[92]

More research by the Native Land Information System documents the loss in agricultural revenue on U.S. lands from 1887 to current. They estimate a loss of **$637 billion to Native communities, generated by Non-natives as a result of the "agricultural apartheid that has promoted the leasing and/or liquidation of Native lands to Non-natives."[93]** This figure does not account for the loss in agricultural revenues from land theft, which would catapult that figure into trillions of dollars lost in agricultural income to Native Americans.



MEMBER DATA CALLOUT

Four Bands Community Fund has been collecting data from their clients in order to better understand the trends around trust land. Within this data set of clients residing on trust land versus those who are living off trust land or on fee land, we found that:

- Median household income was $629 less ($30,000 compared to $30,629).
- Median household assets were $11,234 less ($14,194 compared to $25,428).
- Median household debt was $8,000 less (6,000 compared to $14,000)
- Average household size was one person more (3 people compared to 2 people).

This data, while preliminary, indicates less wealth for those living on trust land.

This data illustrates the impact of land theft on Native American communities. Our region, home to large land-base reservations, absorbed a large brunt of this impact. As a result of land theft, our communities are not able to draw on what would have been their largest asset—land—to support continued wealth building and leverage access to credit and capital. This land has been referred to by the Nobel Prize–winning economist Hernando de Soto as "dead capital." While Native American communities possess a certain amount of land on paper, we are unable to put it to use by selling it, buying more to take advantage of economies of scale, or borrowing against it.[94] Data from Four Bands Community Fund clients show the local impacts of land theft. Clients living on trust land have lower incomes, nearly 56% fewer assets, and nearly 43% less debt, despite their family size being 50% larger than clients living off trust land.

Lakota Vogel, Executive Director of Four Bands Community Fund in Eagle Butte, South Dakota explained her personal frustrations with trust lands: "[. . .] as an individual citizen of a tribe, I can hold trust land within reservation boundaries. And so, if I am seeking homeownership, they make it very difficult for me to leverage the land I am standing on, the five acres that I am standing on, as collateral for financial institutions. At this point in my ten-year career in the financial world, I just feel like the conversation has stopped happening. People have refused to innovate within the space. There are 56 million acres of trust land in the United States. And it's frustrating to me that we've put so many regulations on financial institutions that they are unable to think around this problem."[95]

Many experts in reservation-based economic and community development consistently point to the issues around using trust land as a form of collateral as a major barrier to accessing capital.[96] Shoemaker (2019) goes into more depth around the barriers trust land create for entrepreneurship, which include transfer restraints, credit barriers, regulatory costs, group rights, tax and tribal revenue issues, individual and co-ownership limits (average of more than thirty-one co-owners), complex and uncertain governance, and lack of cultural fit.[97]

Vogel eloquently described the issues around land, as well as the current 'white paper towel solution', in an article she wrote for the Nonprofit Quarterly last year (excerpted below):[98]

> *In the US, diversity is celebrated in theory, but the practice is often quite different. Some readers might remember a moment in 2015, when the story of "the Racist Soap Dispenser" went viral. This viral video featured a Black hotel guest who was attending DragonCon in Atlanta trying to get soap from an automatic soap dispenser, but the soap dispenser could not read non-white skin pigmentations. The only way for the man to trigger the soap dispensing process was for him to cover his hand with a white paper towel. What does this tell us about US society?*
>
> *Quite simply, the racist soap dispenser was created by a homogenous group of product developers who sat around the table and designed a soap dispenser, a useful metaphor for how the economy overall has been constructed.*
>
> *Each period of Native American history is riddled with capitalistic legal maneuvers justified by the politics of the era that forced land cessions, ignored treaties, and imposed regulations on the use of Indian land. By the 1880s, despite attempts at genocide and mass land dispossession, Native Americans still had 138 million acres of land owned communally. A group of homogenous thinkers deemed this way of living an unproductive use of resources and allotted the lands. With a stroke of a pen, Native American land ownership went from the collective to the individual, disrupting centuries of good resource management practices and wealth accumulation. The Native American land base also shrank to 48 million acres during this era.*
>
> *Small victories were won for Native American rights as the decades passed in the first half of the 20th century, but there was little to no private lending to Native American individuals for agricultural needs, homeownership, or small businesses.*

> *Finally, in recent decades, several federal agencies have deployed loan guarantees to incentivize private creditors to begin lending to Native American individuals on trust land. Simply put, a loan guarantee is a contractual obligation between an individual, a lending institution, and a third party. In the event the borrower defaults, the third party assumes the debt obligation. For Native American transactions, the third party is usually the federal government.*
>
> *Loan guarantees in Indian Country have become our white paper towel. For decades, the only way for financial institutions to see and value our land is if we placed a white paper towel over it, a loan guarantee, and the capital is dispensed. The expressions of racism have been manifested in the financial algorithms of lending institutions, especially within the way trust land is valued as if it had no value. Trust land is synonymous with Indian Country (and some Audubon Societies, but mostly Indian Country). The convenient narrative has been "trust land cannot be used as collateral," therefore limiting wealth generation for Native Americans under the guise of prudent underwriting.*
>
> *Today, the Native borrower who brings five acres of tribal trust land to her lender is told it is an ineligible property type, and it becomes the borrower's problem to overcome. It is not a problem for a Native grandmother caring for three of her grandchildren and working a full-time job as a Head Start cook's problem to solve!"*
>
> *We must stop asking the individual to overcome the structural. We must support the institutions who see the opportunity, design the products with transparency and dignity, and dispense the capital. Those institutions do exist in the form of Native CDFIs. The support many of us need is capital.*
>
> *We persistently ask questions: Why can't you leverage trust land? How do you measure market value of a home when a conventional mortgage market hasn't existed for 30 years? Then we reach out to our colleagues and resource networks for best practices in the field and we answer the questions.*
>
> *We demystify the process for the borrower and educate the gatekeepers at adjacent institutions. To date, we've dispensed over $21 million to the underestimated Native markets in South Dakota. In 20 years, we have started and expanded 483 small businesses overall. Within the past three years, we've closed over 39 mortgages on the Cheyenne River Sioux Reservation, which is largely trust land.*
>
> *We refuse to succumb to the tyranny of thinking that lending in Indian Country is too complex. Martin Luther King Jr said it best: "Philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice which make philanthropy necessary."*
>
> *Let's stop creating loan guarantees and risk pools to clean up the injustice in the system. Let's fix the system instead. Please stop handing us white paper towels.*

We cannot go back in time to prevent the immense loss of wealth tied to land theft. But understanding both historical and present circumstances prompts us to rally around locally driven solutions addressing land-related barriers to wealth building. Our communities and especially our

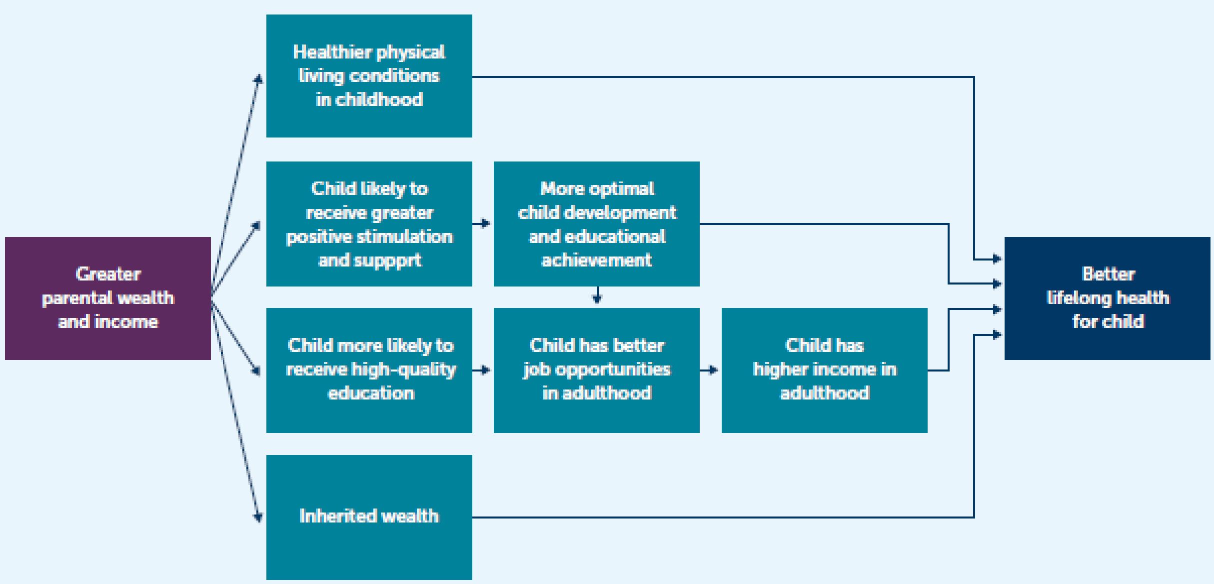
Coalition have successfully worked around this land issue for decades, and will continue addressing these problems with more support from partners, philanthropy, and the federal government.

THE WEALTH MULTIPLIER EFFECT

In our communities we always plan for the seventh generation that comes after us. The transference of wealth through knowledge, stories, and traditions have been core to our communities since the beginning of time. The intergenerational impacts of low income and wealth in our communities continues to negatively impact our children and the seventh generation.

Bravermen et al. (also supported by the Aspen Institute), in their article on "Health Matters for Health Equity," present a diagram that illustrates the intergenerational effects of wealth and health. While not specific to Native communities, the model provides a framework for understanding the importance of this "wealth multiplier effect."[99]

Figure 2. Intergenerational Transmission of Wealth and Health



Health is transmitted across generations, along with wealth, through material and psychosocial advantages.

Intergenerational poverty has major impacts for Native American populations. Native populations have the lowest saving rates among all racial groups in the U.S. for several categories, including saving for college for their children (32% save for college), retirement (33% save for retirement and 23% own non-retirement investment accounts), and for emergencies.[100] Native Americans were the least likely to report (only 38%) that their parents/guardians taught them how to manage finances. This statistic supports earlier research suggesting that Native American populations are less likely to have intergenerational role models when it comes to finances.[101] In terms of intergenerational income mobility (the likelihood of a child moving into a different income category than their parents in adulthood), Native children are more likely than any other race to end up in the bottom of income distribution, even if coming from a well-off family. More research is needed to understand the systemic causes of this phenomenon, but one hypothesis is that high income families of color have historically had less wealth than white families. They are therefore less equipped to help their child(ren) with economic shocks.[102] This researcher also found that intergenerational mobility disparities are even larger for Native women specifically. It held true for both single women and women who are married or in cohabitation patterns.[103]

Another deterrent to intergenerational wealth building, specific to Native Americans in our region, was the loss of buffalo. Over half of the tribes represented in the Mountain|Plains Regional Native CDFI Coalition relied upon buffalo as their main source of clothing, shelter, and protein for many generations. Native American and non-Indian storytellers, scholars, biologists, and others have documented the systematic slaughter of the bison. But few people in the general public acknowledge that slaughter's deep connections to the lack of intergenerational access to capital, health, and wealth experienced by Native families today.

Economists from Canada and Donna Feir of the Center for Indian Country Development, Federal Reserve Bank of Minneapolis took a socio-cultural view of economics and connected the demise of the buffalo to the lack of intergenerational wealth and health for former buffalo-reliant communities. "Once the tallest people in the world, the generations of bison-reliant people born after the slaughter were among the shortest. Today, formerly bison-reliant societies have between 20 to 40% less income per capita than the average Native American nation."[104] The authors argued what we have known for generations: "the loss of the bison resulted in a reversal of fortunes" and "the experiences of bison-reliant peoples [are] relevant to the broader discussion of sources of regional economic disparities."[105]

CRIPPLED ECONOMIES

THE MULTIPLIER EFFECT

It has been said that one dollar spent locally multiplies seven times. It is difficult to know exactly how many times it multiplies, but one dollar spent locally does multiply many times over as it is exchanged hand-to-hand, cash register-to-cash register, and swipe-to-swipe. To better understand the impact local businesses can have on economic leakage—the amount of money leaving an area from people purchasing goods and supplies elsewhere—we used economic multiplier effect (EME) and marginal propensity to consume (MPC) formulas to estimate specific scenarios related to local dollar circulation from new businesses and increased local spending. Though the examples in this section are hypothetical, these numbers can be used as a complement to our local experiences for decisions around planning and development.

REGIONAL RETAIL MARKET ANALYSIS

Though later in this report we discuss the importance of data sovereignty and the need for localized, Native-centered data collection, we do use federal data for decision-making purposes. It allows us to make "apples-to-apples" comparisons across various counties or regions. When looking at the impacts of economic leakage and considering our strengths and assets to combat said leakage and build local economies, we analyze Census of Retail Trade and Bureau of Labor Statistics data using Environmental Systems Research Institute (ESRI) Business Analyst to complement our local knowledge, organizational data sets, and community stories.

LEAKAGE FACTORS AND INDUSTRIES WHERE LEAKAGE OCCURS

There are several factors that contribute to economic leakage, but a lack of local businesses is a primary contributor. Due to issues with trust land around lack of collateral, business development is difficult – notwithstanding issues of economies of scale and rurality. However, we view our rurality as an asset rather than weakness. Our people often drive to reservation border towns to purchase goods at a cheaper price, as well as to experience entertainment away from home. These activities account for more leakage because our tribal governments do not receive taxes on any goods and services purchased elsewhere. Through the development of revolving capital, an entrepreneurial ecosystem, and business clusters, these issues can be addressed.

A large portion of leakage from our communities occurs from the thirteen retail and food and drink industry types that are provided by big box stores like Walmart and Menards, a home improvement retail chain. Examples of these industries that are prevalent across our twenty reservations include: **motor vehicle and parts dealers; furniture and home furnishings stores; building materials, garden equipment, and supply stores; clothing and clothing accessories stores, and sporting goods, hobbies, book and music stores.** As noted in the reservation profiles, many of these industries received a leakage/surplus score of 100, indicating that zero dollars are spent in those communities related to those specific industries. **The most leakage occurs from these industries, meaning very little to no money on these industries are spent in our local communities. They therefore represent some of the most promising areas for economic opportunity.** By creating thriving business ecosystems that include a diversity of essential items and also entertainment (e.g., a good family steakhouse), such as is evident in Eagle Butte, South Dakota or Browning, Montana, greater dollar circulation and revolving impact is possible. As a thriving business ecosystem is developed, the costs of vehicle maintenance and other travel expenses to drive to border towns become more evident and more of a liability, even if the cost of some local goods are a little more expensive per unit.

The dismantling of Native wealth and the racial wealth gap can be seen in our region when comparing retail related leakage of reservation communities in the region to the region as a whole.

Regional Retail Gap and Economic Leakage Comparisons	**Reservations in Our Region**	**States in the Region Combined**	**United States**
Total Retail Gap (the difference between supply and demand)	$346,367,639	-$6,118,384,289	-$47,303,299,984
Top 5 Industries Gap - $ Spent Outside the "community/state"	$331,485,621	$2,399,941,866	NA
Average Total Leakage Factor (higher the number the more leakage)	21.24	-5.68	-0.50
Total # of Businesses	945	29,610	2,374,908

Total Recapture Potential (assuming 10% of the loss in the top five gap industries was spent on local purchases. Then, if just 20% of that locally generated income was recirculated)	$41,435,703	$299,992,734	NA

Over $346.4M is leaving Native communities in our region. As demand and need outpaces supply, community members must travel elsewhere to spend their money for goods and services. Meanwhile, the overall four-state region **produces $6.1 billion in retail surplus.** In other words, after demand for the region is fulfilled, **$6.1 billion worth of retail and food related goods or services are produced and sold to people throughout the global economy.** With such a rich land base, young workforce, and evidence-based, culturally relevant technical assistance by Native CDFIs, Native communities are suited to contribute to the region's economy. **Yet the economic leakage factor in our communities is 73.25% more than the region overall.** An infusion of long-term, relationship-based capital and planned business developments from lending infusion is a critical missing link to invigorate Native wealth and Native contributions to the regional and global economy.

INDUSTRIES IN WHICH LEAST AMOUNTS ARE SPENT IN NATIVE COMMUNITIES

As mentioned above, some of the high leakage industries that are prevalent across the twenty reservations in our region are: motor vehicle and parts dealers; furniture and home furnishings stores; building materials, garden equipment, and supply stores; clothing and clothing accessories stores, and sporting goods, hobbies, book and music stores. In many cases, our communities lack stores to purchase home furnishings, basic clothing, sporting goods, and hobbies. Some of these industries are essential to Native community and economic development, especially as Native homeownership and Native entrepreneurship continues to rise.

WHAT INDUSTRIES ARE THE MOST LIKELY TO LEAD TO SUCCESS

A leakage and surplus analysis can help make successful decisions, but only when coupled with our local data, stories, and realities. We know to proceed with caution when trying to compete with big box stores and Dollar Generals that have taken the opportunity to invest in leakage-based economies across rural America. From an outsider's perspective, it may seem impossible to compete with box stores or Amazon for items such as clothing. But we have cultural strengths and unique qualities that can bolster industries, such as clothing and printing and embroidery shops that are otherwise waning in rural America. Shirts, hats, and other clothing items are frequently needed and sold in our communities for giveaways, funerals, memorials, pow-wows, sun dances, horseshoe tournaments, youth basketball, softball tournaments, volunteer events, and other community gatherings. When reviewing our industries with the greatest retail gaps, which equate to industries with the least amounts of money spent inside our communities (as outlined in the reservation profiles), those are areas to consider for long-term investments.

MULTIPLIER EFFECT – HOW MUCH COULD WE RECAPTURE?

Likewise, it is worth considering industry groups that have low amounts of leakage. From a surplus perspective, they may be lower on the list of business opportunities. However, similar to the clothing example above, these types of industries may continue to grow, especially when combining them with community needs and strengths. As an example: The gasoline station industry group provided a surplus (more supply than demand) as indicated on every reservation profile aside from two. It would be difficult to create a thriving gas station in those areas unless we invested into the institution and provided something more. For example, Native, place-based visitors centers are not prevalent in our region—a gas station with a diverse food court, cultural and historical interpretations, retail space for local artists, space for tour providers, entryways for our local young adults to engage in workforce and internship opportunities, and other spaces for business incubation could prove successful in our communities.

Delving further into retail gap and leakage of Native communities in our region: the top five retail trade and food services industry groups with the most economic leakage from our communities leaked $331.5 million. If enhanced commerce and business development allowed us to capture just 10% of that leakage, it would total more than $33 million annually. If a mere 20% of that initial 10% ($33 million) was recirculated locally through the purchase of groceries, tribal tax, local business purchases, helping others, and other local expenditures, we could potentially recapture an additional **$41.4 million annually in our region**, and this is just for the top five gap industries. The reservation profiles shown earlier further tell this story for most of the reservations in our region.

THE COMMUNITY CONTEXT

RURAL DEVELOPMENT IN NORTH CENTRAL MONTANA

A 2022 study by Montana Native Growth Fund found that "$0.69 of every dollar spent by FBIC residents is spent outside of the Fort Belknap Indian Community."[106] This leakage totals over $12.5M leaving local communities just from retail and food alone. The top five retail and food industries responsible for economic leakage on the Fort Belknap Reservation are: motor vehicle and parts dealers; general merchandise stores; food services and drinking places; building materials, garden equipment and supply stores; and sporting goods, hobby, book and music stores. Altogether, they account for $12.3M leaving those communities. The Fund found that "Leakage is critical to the health of an economy because it directly impacts the multiplier effect, that is, the increase or decrease in income that results from an injection or withdrawal of spending."[107] The FBIC, like most communities, desires a local economy "[where] dollars circulate within the community, creating a positive multiplier effect such that every dollar earned and spent within the community generates additional output."[108] **If infrastructure and marketing were developed to capture just 10% of that leakage through local sales, and only 31% of what was captured was recirculated by business owners and employees making local exchanges (currently $0.31 of every dollar is spent locally), nearly $1.8 million would be added to the local economy.** In recent years, Major Market was opened in Zuni Pueblo, a very rural food desert which is much like north central Montana. With assistance from a regional CDFI, business coaches, and technical assistance to navigate COVID, the market is providing jobs and healthy food options to a very rural food desert, similar to north central Montana.

BUSINESS DEVELOPMENT IN EAGLE BUTTE, SOUTH DAKOTA

In 2008, Four Bands Community Fund conducted a study to locally contextualize the idea that "development of locally owned private businesses is a powerful strategy for fighting poverty in rural communities, including rural communities on Indian reservations." [109] One part of their strategy involved getting residents, a significant part of the consumer market, to purchase more of their goods and services locally. Another part of the strategy involved having governments, businesses, and institutions such as nonprofit organizations, schools, churches—the organizational market—make local purchases, including outsourcing some functions to locally owned private businesses.

Outsourcing can efficiently allow an organization to perform a range of duties that require diverse skill sets, while also encouraging a diversified local economy. Buying from local businesses keeps dollars on the Reservation and stimulates the local economy. In this study they found that in various industries a minimum of 31% and up to 78% of the community is buying off Reservation. The list below highlights the findings of the report of off-Reservation spending by industry:

- 31% of the respondents get auto repairs done off the Reservation.
- 54% of the respondents reported getting meals and entertainment on the Reservation.
- 59% of the respondents reported buying hardware and lumber off the Reservation.
- 78% of respondents reported buying groceries and household products on the Reservation.
- 82% of the respondents reported buying clothing off the Reservation.

Additionally, the "majority of respondents traveled off the Reservation between one and five times per month. 57% of respondents reported making special trips to buy off the Reservation, despite the fact that the travel cost is usually greater than the savings." There is a great opportunity to recapture dollars spent off-Reservation. This study also highlighted that opportunity by finding that "61% of respondents that live in the Eagle Butte say that they are willing to pay 10% more to shop locally."[110]

THE ROLE OF ORGANIZATIONS

Another study done by Four Bands Community Fund in 2012 looked at another angle of the economic leakage on the Reservation which is the spending by organizations (rather than individual consumers). In this study they found that of the organizations interviewed, of the total amount of money spent annually ($2,625,399) 49% was spent within the Reservation and 51% ($2,693,189) was spent outside the Reservation. Two industries experienced very high off-Reservation spending by organizations: health and medical (98.2% of spending) and legal and finance (87.4% of spending). Conversely, approximately 90% of spending on food and automotive expenses is captured by Reservation businesses. While all industries have room for growth on the Reservation there are certainly major opportunities in health and medical and legal and finance to capture spending by organizations on the reservation.[111]

TRIBAL GOVERNMENT SPENDING

In their book, *Creating Private Economies in Native America: Sustainable Development Through Entrepreneurship*, Miller (2019) asserts: "tribal governments must themselves take more direct actions to become the customers of reservation-based privately owned businesses."[112] He goes on to recommend Native Nations using "the legal right to give preferences to tribal citizens and other Indians [and . . .] enact tribal 'Buy Indian' Acts and order to spend as much money as possible, or at least a set percentage of their budgets, buying goods and services from tribal citizens and Indian-owned private business."[113] Doing so, he goes on to assert, would help create a greater need and thus help establish local businesses, and create other economic benefits. Other economic benefits include increased local dollar circulation due to a decrease in leakage, increased tribal revenues from taxes, and the socio-cultural and health and wellbeing metrics that increase with healthy local economies. Yet another consideration for Tribes is what depository institutions they utilize and ensuring a focus on supporting Native-owned banks and depository institutions, like credit unions. While at least six tribes in our region are shareholders of Native American Bank there is an opportunity for more Tribes, Tribal enterprises, and Tribal organizations to invest their money in Native-owned institutions.[114]

By building functioning private sector economies, Native communities benefit as dollars circulate from business to business and family to family. Increased economic activities, businesses, and jobs created can lead to a flourishing business ecosystem (especially with proper policy and technical assistance allies), even one that can provide niche regional, national, and international services.

WHAT WORKS

MITIGATING RISK THROUGH RELATIONSHIPS

Our members have been lending in the region for twenty years, and in that time we have some of the lowest delinquency rates.

1.3% delinquency rate for business loans at commercial banks[115]
3.0% delinquency rate for CDFI loan funds[116]
3.9% 90+ day delinquency ratio for Native CDFIs[117]
1.4% for our Member CDFIs[118]

This is not by accident; we build relationships with every one of our clients and these relationships ensure our low risk. A longitudinal study performed by Four Bands Community Fund in 2020 highlights the impact of a relationship driven model where the metrics that predict repayment for their portfolio include credit score, character score (applicant's qualifications to run the business, community business reputation, criminal or other public history, overall business and financial literacy.), and commitment to business (hours of business training) while owner's equity, debt coverage ratio, and collateral coverage ratio are not predictive in their model. **Another preliminary study not yet published by Oweesta and Sweet Grass Consulting reports similar findings with a larger sample of Native CDFIs doing business lending with especially interesting results around the number of technical assistance hours predicting repayment with less risk the more hours are provided to the client in business technical assistance.** The strength of Native CDFI lending programs is due to the in-depth technical assistance and training we provide. While these one-on-one relationships take more time we have seen the return on that investment, even if outside investors do not. We creatively work around funding barriers and investors who do not understand the role relationship building has in our communities and in our loan funds.[119]

Some especially supportive investors, like Northwest Area Foundation recognize our proven approach:

> "[Native CDFIs] build trust, strong community relationships, and self-determination to help Native communities overcome challenges of accessing credit and building assets created by economic systems that have harmed them or ignored their needs."
>
> and
>
> "Native CDFIs understand the unique assets and needs of Native communities and cultures, respecting their perspectives and honoring their histories. This is what makes Native CDFIs

capable of establishing a powerful infrastructure for economic and cultural wealth that is built to last."[120]

According to Kokodoko et al., "Previous research on tribal governance (e.g., Cornell and Kalt 2000, Jorgensen 2007, Pickering and Mushinski 2001) strongly suggests that cultural match and trust are important for the effectiveness of political institutions. Trust between borrower and lender is critical for loan performance, and Native CDFIs that design their services with cultural considerations in mind may be better suited to build that trust. Furthermore, financial workshops, training, and counseling that incorporate culturally relevant examples, cultural values, and community-specific characteristics likely lead to more robust credit-building and, subsequently, better credit outcomes.[121]

Really, our ability to mitigate risk through relationships highlights our solutions to our situations. Not only do we know our situation the best, well beyond what inaccurate census numbers tell us, but we also know what the best solutions are. We are done trying every other solution that has not worked for us (like loan guarantees) and are ready to be supported in our own solutions for our communities. As anchor institutions we know the way finance can and should work in our communities.

As Lakota Vogel argues, "I think there are a lot of solutions in this space (indigenous finance model). And it looks like the government coming in and helping out with that; financial institutions and corporations helping us co-create products; and us sitting in these seats, with the perception: 'We know our communities. We know how to do this. We've got these great tools here. We know how to reach our populations. We just need the capital to come our way and we can get you what you need.'...[W]hite institutions have sought narratives which confirm their anxieties exist, which is risk within our markets, because we don't fit their framework of the five Cs. And it's just a constant narrative that's repeated over and over. And we're standing up as leaders within our spaces, saying there's a different way to look at our world and our markets, and there's lots of opportunity here. You're just missing out on it."[122]

"We are done being told what risk mitigation looks like for our communities. We know what it is...it is relationships and flexible capital rooted in community values of reciprocity and circulating wealth." - Lakota Vogel, Four Bands Community Fund

WRAP AROUND AND DEVELOPMENT SERVICES

A large part of developing relationships for Native CDFIs centers on providing technical assistance and training services to our clients. A study from Four Bands Community Fund looking at their impact of their C.R.E.A.T.E. course (a business start-up training program) found that 84% of graduates felt that C.R.E.A.T.E. was impactful, very impactful, or extremely impactful on the development/growth of their business and that due to participating in C.R.E.A.T.E. 50% saw a significant improvement in job performance, 32% saw significant improvement in their income, and 35% saw significant improvement in their household finances.

Indeed, while few in number, the available literature sources strongly indicate the necessity of a dual approach of lending and development services for Native communities seeking to overcome historical and current barriers to economic success. As a result, the utilization of development services, and especially of technical assistance (TA – broadly defined as assistance provided to a client to further develop their financial capacity) to support successful and sustainable economic development, with or without (but especially with) the provision of loans and financial assistance, becomes a matter of "how", rather than a matter of "if".

Literature on the topic is focused on historical, sociohistorical, sociocultural, economic, political, and professional studies of economic development programs and approaches, most commonly as case studies of economic development initiatives. These sources discussed a range of issues directly associated with the implementation and effectiveness of economic programs in Native communities in general. Specifically, the theoretical and applied background of economic development models and theories, and communities, ethnic groups, agencies, institutions, and factors involved have been documented. Three sources provided a specific analysis of development services (technical assistance, training, or educational programming) in Native communities or included these analyses as major sections of their reports.[123] Of the three, Bregendahl and Flora (2002) provided a specific analysis of TA concerns and considerations regarding e-commerce. Authors of these studies indicated that necessary data and studies on the effectiveness of TA were lacking.

The other literature sources place special emphasis on the role of sociohistorical, economic, global, historical, cultural, political, Tribal specific, geographic, and multifaceted issues on economic success.

Engagement with TA and receipt of loans have both long term and immediate impacts on Native communities. Entrepreneurs "learn the ropes" and become future leaders and policy makers, cultivating technical, financial, and community development expertise, while instilling confidence in small business owners and aspiring entrepreneurs.[124] CDFIs must account for the role of TA (cost effectiveness) in challenging CDFIs' ability to raise funds to cover operating costs.[125] Holistic models for community economic development, which bolster capacity and infrastructure (e.g., forms of "capital"), involve healthy small businesses and are required for sustainable development.[126] Native communities and businesses must produce and adapt effective business plans; develop culturally acceptable institutions; pursue networking strategies to overcome remote location and distance from urban centers, markets, and investors; capitalize on local resources and support sovereignty; and pursue business models that generate local cash flow and prevent leakage.[127] All of these activities are best supported by Native CDFIs and our partners by providing lending and development services.

GAP FINANCING AND PARTNERSHIP LOANS

Gap financing needs occur when a Native CDFI is unable to meet the full loan request for a client, which is typical for larger business loans, agriculture loans, and mortgages. The solution is a partnership of CDFIs bringing loan capital together to provide the full loan amount to the client where one CDFI typically holds the servicing responsibility and takes on more risk with the loan while others contribute loan capital. A revolving loan fund in the region would make this process much easier and put less risk on individual CDFIs with the regional revolving loan fund providing the bulk of the capital.

CASE STUDY

"The Big Sky Café has been a centerpiece of Main Street in Cut Bank, MT for decades and we are excited to say it is now owned and operated by our clients. Cut Bank is located just across Cut

Bank Creek from the Blackfeet Reservation and the town itself has a high Native American population percentage. NACDC initially helped Gary and Sue Racine purchase "R" Snack Shop (a fast service shop in the Cut Bank strip mall) and after five years it was time to go to the next level. The deal to purchase the Big Sky Café was in motion in late 2019 as a partnership loan between NACDC and Native American Development Corporation (NADC) located in Billings, but was not finalized until April 29th, 2020, due to delays related to the pandemic and other paperwork issues. Since that time, the Racines have seen a steady stream of customers despite the changing restrictions throughout the pandemic. Like all restaurants navigating pandemic restrictions, balancing community health risks with the need to stay in business has been challenging but the community of Cut Bank and the greater Blackfeet Country has welcomed the new owners in an overwhelming way. Reviews of the food and the service have been great, and the business is thriving. The Racines' daughter Melanie has continued to run "R" Snack Shop. So collectively the family is now responsible for at least 10 Cut Bank jobs."[128]

Currently our members have loan capital needs totaling $18.8 million for 2022 and an operational funding gap of $3.1 million. These are conservative pipeline demands knowing our current access to funding and capital. A revolving loan fund would impact our ability to move capital to our communities in a significant way and thus would increase our pipeline needs significantly. As a collective loan fund this approach would enhance our ability to leverage capital and investments to our CDFIs and communities.

THE RECIPROCITY OF LEADERSHIP

SHARE EXPERTISE, MENTOR OTHERS, AND GIVE BACK

The impact of the coalition on the members' leaders individually and on the organizations is already apparent. After conversations with our members there were three distinct themes. The first was for emerging and/or struggling loan funds in finding their way due to the peer-to-peer learning and mentoring from within the coalition. Another was the sharing of specific resources especially related to agriculture loans and partnership loans. A third was in developing a shared voice and individual confidence that has resulted in an increased ability to seek and receive funding.

EMERGING AND/OR STRUGGLING

Wind River Development Fund (WRDF), Plenty Doors Community Development Corporation (PDCDC), and Black Hills Community Loan Fund (BHCLF) all spoke to the benefits of being part of the coalition in supporting the development regrowth of their operations. WRDF specifically noted that the only reason the loan fund is successful now is because of listening to other members of the coalition. The executive director called out a suggestion from Four Bands Community Fund to focus on values over talent in new hires - it is important that those who work for you understand and believe in the importance of the work of CDFIs in the community. WRDF has found this advice helpful and now has six employees, so it worked for them! As new CDFI PDCDC has felt overwhelmed with all of the components but everyone in the coalition has been very helpful and has answered all their questions, regardless of how small or trivial they may seem. They have specifically partnered with their close neighbor People's Partner for Community Development and have even visited to shadow their staff. Similarly, BHCLF has utilized suggestions to improve their businesses loan process and approach and are excited to tap into the resources of the coalition even more. They also cited Oweesta Corporation as having a key role in getting BHCLF where they are now.

SPECIFIC RESOURCES

Many of the coalition partners mentioned the importance of being able to share resources like policies, job descriptions, documents, procedures, and applications. Several have worked very closely with Akiptan to develop their appropriate approach to agriculture lending. The Coalition also serves as a referral network for clients who are seeking a loan product or amount that they are not able to support. For example, PDCDC has referred clients to NACDC - Financial Services for homeownership services. NACDC - Financial Services in turn has done partnership loans with Native American Development Corporation (NADC) and received loan policies from another Native CDFI (Northwest Native Development Fund) to support this effort. NADC received copies of Coalition member applications to support an overhaul of their tools which they reported as being very helpful. They also co-host trainings across the state and provide technical assistance on behalf of other members. BHCLF has found the suggestions and help around their loan software and homeownership policies very useful. Ultimately the mentoring and sharing of resources will build the capacity of each emerging CDFI and will allow CDFIs to share their innovative ideas with each other.

VOICE AND CONFIDENCE

Maybe the most significant shift due to participating in the coalition is the unified voice and confidence that individual CDFI leaders have fostered through their shared struggles and interests. Lakota Voge from Four Bands Community Fund mentioned her participation in the coalition has amplified her belief in their solutions as a coalition in being the right path and not accepting anyone else's definitions of her community and the solutions needed. The most powerful change has been seeing our leaders claim their place in the room. Tonya Plummer of Montana Native Growth Fund says "without this connectedness we would still be shaving the edges off our box to fit in the round peg of traditional finance. Instead, we are doing what works for us." Lakota Vogel adds "without the coalition and the confidence it has provided we never would have thought to apply for the Economic Development Administration's Build Back Better Regional Challenge grant." The coalition has empowered members to advocate for our communities bravely and embrace our roles not only as leads of financing organizations but as thought leaders to guide our communities through resilience.

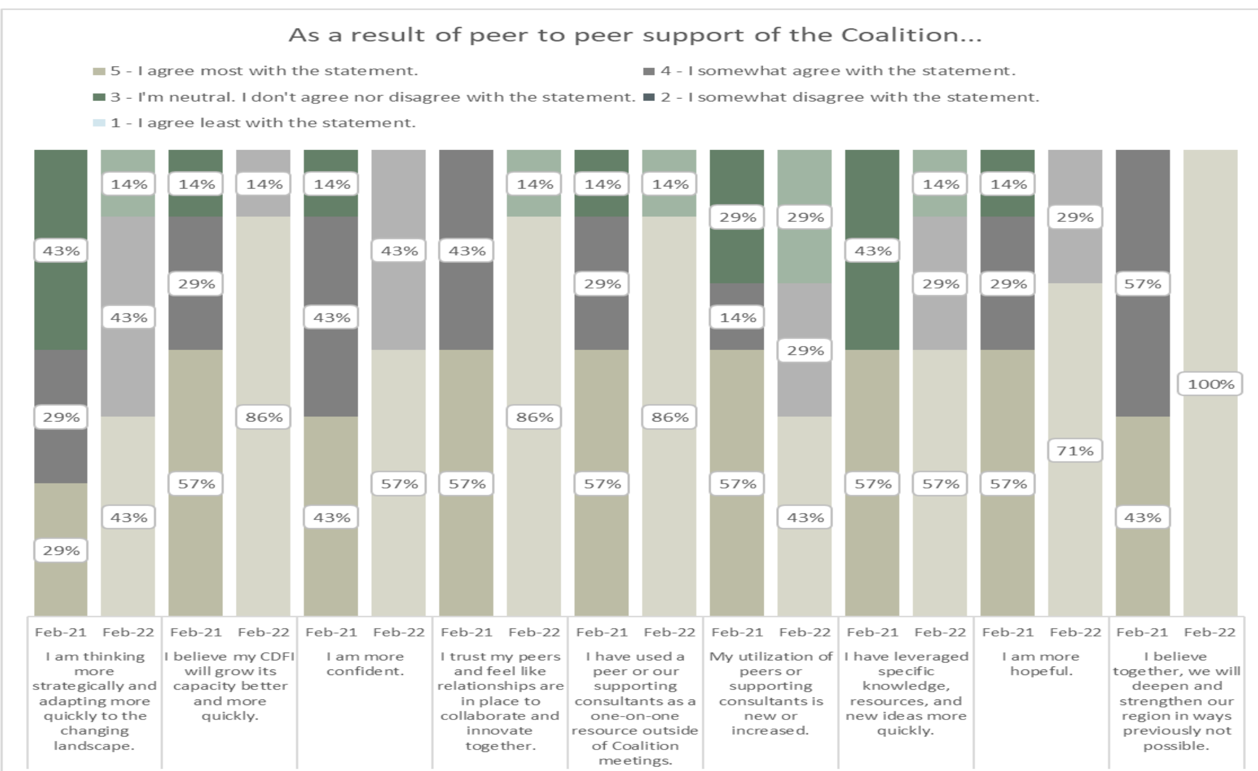
The value of a safe and shared space for the leaders and staff of our member CDFIs is invaluable, not only for mentoring emerging CDFIs, providing specific resources, and in finding voice and confidence but also as a way to talk about similar experiences, feel heard and understood, and problem solve as a team. A similar project by Prosperity Now with their Leaders of Color Cohort Project highlighted some of the benefits. They found that, "by establishing a safe space where leaders of color can talk candidly about their experiences, we can create opportunities where they are able to forge a new frame of reference—one that encourages them to tap into their intuition and their spirituality, as opposed to suppressing them; one that allows them to reinforce the meaning and purpose of their work, as well as the inherent value of how they approach that work; one that is rooted in struggle and resistance as opposed to compliance and subservience." They also frame suggestions for similar work in this area by arguing that "we must equip [leaders of color] with safe spaces and new frames of reference so that they're able to successfully navigate these turbulent waters. It is time to initiate a broad-based conversation about how we can leverage peer learning networks to reposition those leaders of color who run nonprofit organizations of color to be more impactful in their work and on the issues that so often disproportionately affect communities of color. This is going to require a model of peer learning that draws on the best cultural and spiritual traditions that exist within communities of color. It's going to require a return to the value and belief systems that have been systematically attacked by the very institutions through which these leaders have passed."[129]

The Native CDFIs in our region have been working together since 2002 but we are very excited for the recent shifts in formalizing our partnerships with the Coalition and our strategic approach to economic and community development in our region. It can only get better from here.

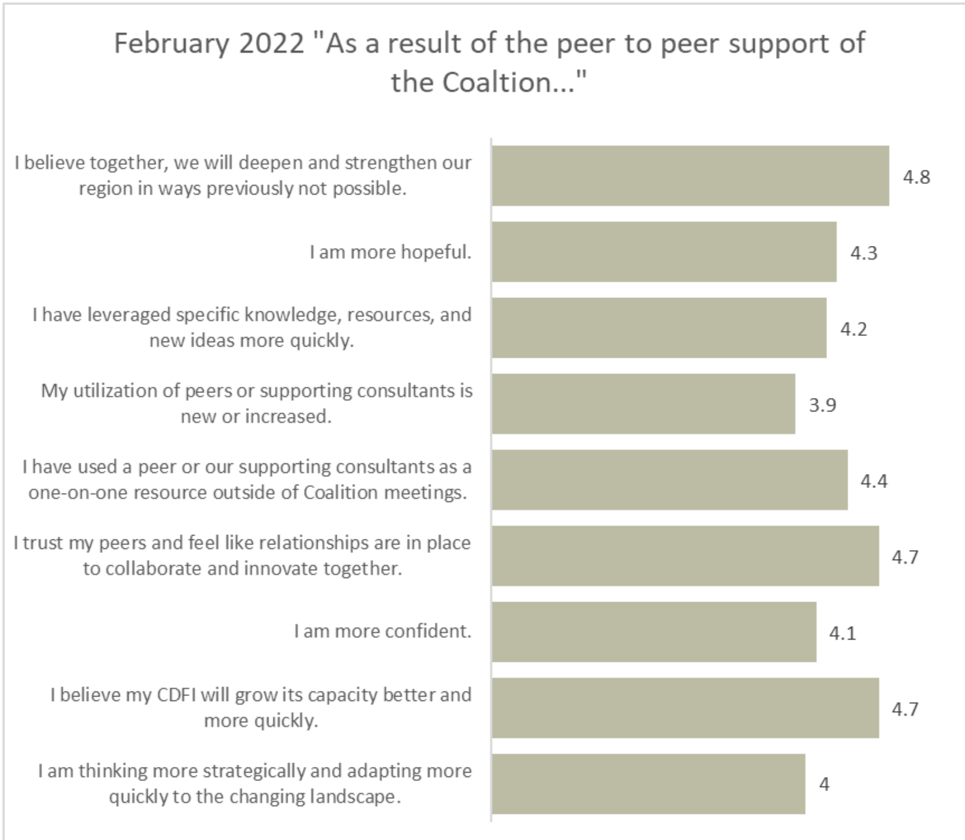
PEER-TO-PEER SUPPORT

In February 2021 and a year later in 2022 we surveyed our Coalition members to better understand the impacts of the peer-to-peer support they are receiving due to the Coalition. Of those who took the survey both in Feb 2021 and in 2022 we saw a 7% increase in the total average response. The only topic we saw a slight decrease on was "My utilization of peers or supporting consultants is new or increased". Additionally, Tonya Plummer (MNGF) expressed:

> I love our group and feel more confident in who we are now and especially who we can become. There is no doubt we have shared values. Sometimes I wonder about the direct capacity building strength. I badly need help with small business lending, but it's been difficult to get resources. Today I was looped into an email thread where an employee of one of our CDFIs was looking for resources and reached out to an outside source then passed around 2-3 places before being referred back to me, but we are in the same coalition. Hoping we can open a stronger platform for resource sharing.



In the most recent survey (which included three new participants and did not include one original participant) we saw the following results:



Overarchingly the support from the Coalition has been very positive and we are excited to continue to build our relationships and connections with each to build not only our capacity but the capacity of the region and of Indian country.

THE ROLE OF WOMEN

Of the leadership within our Coalition 80% are women and this is no coincidence. Even in the planning and development of the first ever Native CDFI, the Lakota Funds, only one man was involved (Gerald Sherman). Over time, the leadership of Native CDFIs has been majority women. Indeed, of the "Visionary Leaders" identified and awarded by Oweesta Corporation 64% have been women and of the current executive directors of Native CDFIs 72% are women. The leadership of women in our industry is in contrast to tribal leadership of which 26% are women, CDFIs in general of which 46% are women (and 27% of those women are of color), and of financial services more broadly 27% are women.[130] Women are the backbone of our Native cultures, families, and economies. While they may not represent the majority of formal small businesses or farms, they have a major role in microenterprise and home-based businesses which drive our Native economies.[131] This gendered experience is an important component of our region and coalition and drives the innovation and new lens of community and economic development in our communities.

THE IMPORTANCE OF PHYSICAL SPACE CLUSTERS

In some metropolitan areas downtown businesses have suffered immensely after the development of retail strips in nearby suburban areas. Money once adorning city markets have been appropriated to the suburbs. For rural Native American communities, physical space clusters have created economic opportunity, allowed for entrepreneurial development, and provided the infrastructure for communal creativity that has been missing in some areas since the beginning of the reservation era. Physical cluster space provides the opportunity for individuals, couples, and families to be entertained, and invest their money into an environment they can be proud of while enjoying the comforts of being close to home. This creates greater dollar circulation, and develops the need for more industry and retail to further circulate the dollar, enhance opportunity for our youth, and eventually creates notable decreases in outmigration, thus creating an even greater economic and sociocultural multiplier effect.

BUSINESS CLUSTERS

In 2021, 13 small business owners were interviewed as part of Plenty Doors Business Incubator Feasibility Study. One entrepreneur had been in business for 2 weeks and another had been in business for over 20 years. Twelve were interested in expanding their business, 13 indicated that they wanted "access to a safe, modern, affordable space", and 8 mentioned they were "interested in renting space in a Small Business Incubator." Most of the business owners explained the type of space they needed, other amenities they needed, and even the amount they would expect to rent space. Like many Native communities, what is needed is the space—capital for the infrastructure to develop the Crow economy in a modern, yet Native-centered way that supports an entrepreneurial spirit, generational growth, and community well-being.[132]

In an article highlighting the effects of economic cluster development, Pascal and Stewart noted that "firms on a reservation [grew] larger than their counterparts off the reservation". "In sum," they found, "Native American firms generate better revenue near clusters and grow larger (in terms of employees) on a reservation. And for Native American firms there is a significant and positive relationship between firm revenue and being located proximate to economic clusters."[133] This growth can be attributed to a number of factors, but our experience indicates that a "safety net" of family and friends is paramount. Having Native coaches and counselors to assist when barriers arise is essential. Being able to serve your own community instills a sense of place, rootedness, and belonging that is often not felt away from home. The ability to feel safer and operate without the racism experienced in many border towns and nearby cities allows our entrepreneurs to operate as sound, healthy businesspersons as opposed to a "fight or flight" mode that has been perpetuated by historical trauma. Also, many, though not enough, Native communities have access to Native CDFIs who can provide character-based lending services that lenders outside of our community will not deploy.

As discussed below, infrastructure is needed for business clustering – spaces for community thinking, action, and commerce. There are very few Native American developers, generational wealth and/or the hoarding of wealth and resources is generally a necessity for large scale development. However, to provide efficient, green-energy, multigenerational business clusters that our communities can be proud of and that will perpetuate a thriving economy, capital investment and development is essential. Native CDFIs have made this happen and could do so at heightened levels with assistance from a revolving loan fund.

LEADING BY EXAMPLE

Allowing Native CDFIs to access a regional revolving loan fund to finance development and land acquisition projects is beneficial, namely by enhancing Nation to Nation interactions (e.g., United States backed funding acquired by the Spirit Lake Nation) and then allowing Native communities to make sovereign decisions to enhance local commerce. This effort would help solve issues of trust land not being viewed as collateral by conventional lenders and land leasing structure creating other impediments to business and economic development zoning on reservation communities. A revolving loan fund could finance Native CDFI owned and operated business developments such as business incubators, workforce development cooperatives, and retail strips. Likewise, the Native CDFI borrower could include space for themselves in the development. This has been practiced by several Native CDFIs in the region. However, many of our Native CDFIs are leasing their space.

CASE STUDY

In 2018, when Kelsie Kay Haskell participated in our revamped credit builder program – called our Financial Coaching Empowerment Program – she said she felt like she was getting somewhere. Kelsie was no stranger to Four Bands. She first utilized our credit builder loan in 2009, but found herself in a revolving cycle of debt. With the new components of our Financial Coaching Empowerment Program, Kelsie began regularly meeting with her own personal financial coach, set and achieved several financial goals, and started making deposits in a savings account.

Kelsie said there was a "100% turn-around" in her financial habits, and she never looked back.

In addition to raising her credit score by 80 points, Kelsie saved enough money to start her own business, which had been a long-time dream of hers. Kelsie Kay's Coffee Depot was one of our first tenants when we opened our incubator facility in 2019. Selling hot and iced coffees, bagels, beadwork, and a variety of gift items, Kelsie's business was a huge success almost immediately. As an incubator tenant, Kelsie had the opportunity to utilize our equity bundle product to help build her business through a variety of marketing services. In addition, through our business development service program, Kelsie established a working relationship with a professional accounting and bookkeeping firm. With this help, she has implemented systems within her business to continuously monitor the financial health of her business. Kelsie Kay's Coffee Depot had just gotten established within the community when the COVID-19 pandemic hit.

Despite having to shift to 100% curbside delivery, Kelsie was determined not to let the pandemic hold her back. She created an online store so that she could implement contactless transactions and work within the new public health regulations.

Kelsie acknowledges that without these adjustments things could have been a lot worse. According to her coffee bean vendor, many coffee shops did not make it through the public health and economic crisis.

Then in late 2020, an unexpected opportunity came up. A building Kelsie had her heart set on for almost 10 years came up for sale. Kelsie wasn't going to let her dream pass her by.

She immediately called Four Bands and began working on the financing to purchase and renovate the property on Main Street in downtown Eagle Butte. Although one of the first to start in our incubator program, Kelsie has been the first to graduate. Kelsie Kay's Coffee Depot held a grand opening celebration on September 17, 2021 in the new building at 225 South Main Street in Eagle Butte, South Dakota.

This story highlights the success of the incubator program in helping to get businesses on their feet, build their skills and markets, and see them move on to purchasing their own buildings. **From 2018 to 2022, due in large part to the incubator and space for Four Bands Community Fund, they saw an increase of 220% in their average loan size, 83% decrease in their default rate, and 25% increase in the number of clients they served due to owning their own physical space and servicing the incubator.**

In this way, a revolving loan fund would build on Native-inspired, community-based forms of capital to then also develop conventional forms of equity and community development through driving economic development in Native communities and the region. These types of developments will perpetuate further economic development through the spurring of new businesses, economic multiplier effect in our local communities, and a perpetual need for business finance (e.g., revolving funds).

STORIES FROM US: CATALYTIC CHANGE FROM A PHYSICAL SPACE

It is the goal for all nine Coalition members (currently four do: WRDF, FBCF, NADC, and NACDC) to own our own physical space(s) and use them in accordance with the unique needs of our communities. The ability to utilize land in our communities to strengthen and build assets have been stripped from us for centuries. By turning these tables, and taking the lead in development innovation in our communities, we are committed to building Native-centered, local and regional economies that our communities can be a part of and be proud of. From gathering spaces to retail, food services to education, financial services to entertainment, our communities deserve the best in place-based infrastructure. In the background the ability for Native CDFIs to deploy Native-inspired, community capital and conventional forms of equity and development will create local dollar circulation, education, and thriving business ecosystems. In the foreground, increased individual health and well-being, strengthened families, an invigorated sense of belonging, and new intergenerational stories will emerge.

Angie Main, Executive Director, NACDC - Financial Services

> [We were in] dire need of facilities for business development and growth. [Now] we will have 4 incubator spaces that may turn into rental space for businesses as there is very limited space available. Also, this will provide a space for trainings as we have rented spaces from various tribal departments to host group trainings." Being in the same building, NACDC will be easily accessible to business entrepreneurs utilizing the space.

Tim Guardipee, Project Director, NADC - Financial Services

> We bought the building we are in about 4 years ago, it is probably 80 plus years old, I don't know the exact age. We are in an urban setting. Our CDFI clients are dispersed throughout the state of Montana and in Wyoming. Having our own physical space is great for the

organization, the clients we serve, our tribal partners and other community members. As far as impact on just CDFI clients I would say the impact is minimal but if you consider all aspects of our organization and its contributions towards community, economic and health it has been tremendous. Having our own space has given us flexibility, power over our own place and a broader sense of connection to the community we are in.

Sharon Small, Executive Director, People's Partner for Community Development

PPCD would eventually like to build a large building that will have the credit union, Courtesy Cash and our CDFI under one roof. We would allow for training space and office space for all PPCD Staff which would be approximately 16 offices.

Lakota Vogel, Executive Director, Four Bands Community Fund

Owning a building allowed FBCF to understand the construction process better to position ourselves as a developer in the community. It added legitimacy to our entity, so the community interacts with us as an institution versus a program. There's more permanency to our reputation and our role. We are able to offer start-up space for many of our start-up small businesses in the community who have had ideas percolating but are not ready to purchase a building.

Eric Swack, Executive Director, Wind River Development Fund

In time, a building becomes just a part of who we are as foundational elements of the communities we serve. Eric explained this. "I really can't speak to how things were before the building was constructed, but it's become an elemental part of WRDF's community presence. In some ways we're overshadowed by the building—people know it much better than they know the development fund.

STORIES FROM US: A PLAN FOR PHYSICAL SPACE AND CONTINUED SERVICE

In February of 2020 Native CDFI staff were asked: "If you are planning to construct or purchase a physical space but have not yet, what are your hopes for the future impact on your CDFI due to constructing/purchasing this space?" The answers below provide small insights on plans to provide spaces that our communities deserve for work, education, and entertainment.

Angie Main, Executive Director, NACDC - Financial Services

We currently have 2 buildings. This new space will move our administration from one building to the new. The vacated building then can be leased for interested businesses. This will provide an income to our organization to assist with the loan payment for the new building when completed. It will also provide a space for our Native Artists to display their work to the public.

Onna LeBeau, Executive Director, Black Hills Community Loan Fund

Having our own building would give us the space to further provide a safe space for our clients. Our goal is to become a central part of the native community, having our own building would make this dream come to a reality as it would serve as a place for work for community gatherings and educational events.

Skya Ducheneaux, Executive Director, Akiptan

> I'm hoping a permanent place adds to our perceived validity [and] establishes us as a long-term business. [I am] hoping the permanence helps us foster more creativity, hoping it allows us to increase our services to our clients, etc.

Tonya Plummer, Executive Director, Montana Native Growth Fund

> We hope to have a one-story building with a large training space, a kitchen, offices for private coaching, and an adjacent or next-door business incubator space. We hope this creates a permanent recognition that our organization is a community anchor and a welcome environment for more clients as well as a way to encourage new community anchor positions.

Eric Swack, Executive Director, Wind River Development Fund

> [Development would provide] buildings, infrastructure, and foundation for future and continued community economic development. It would provide a cash flowing asset that helps sustain WRDF's future and continuing operations and growth.

SUSTAIN GENERATIONS

INDIGENIZING WEALTH

Wealth, as traditionally defined, relies on financial and physical assets that translate into transactional amounts. These concepts of wealth were foreign to our Native communities in the ways they are valued in white capitalist communities, for example the closest word to wealth for the Lakota is *wicozani* which is a concept about health and well-being. We had personal property, but our property was not intended for hoarding, and instead was for practical use and even more importantly for redistribution and reciprocity.[134] These mismatching definitions of wealth have resulted in the systematic stripping of Native people from white capitalist definitions of wealth. Due to our value on relationships and giving we trusted and gave to a culture that takes and lies. Throughout this report we have detailed the myriad of impacts this has had on our communities. Now we are poised and ready to redefine wealth on indigenous terms and institute the changes needed in our communities to uplift and support our definition of wealth rooted in relationship, responsibility, reciprocity, and redistribution.[135]

Wicozani (health and well-being)

For Lakota, wealth means to live by our virtues in order to have a happy, well-balanced life. The goal is not materialistic things but helping, giving, and taking care of one another. Our wealth is measured in our ability to care for our people and to provide a strong foundation for future generations. This is significantly important in Lakota communities. Long ago, decision-making included many different voices. It was not considered appropriate for one person to make decisions for everyone.[136]

Huupgaashee (many possessions)

Daahiisaak (many relations/large family)

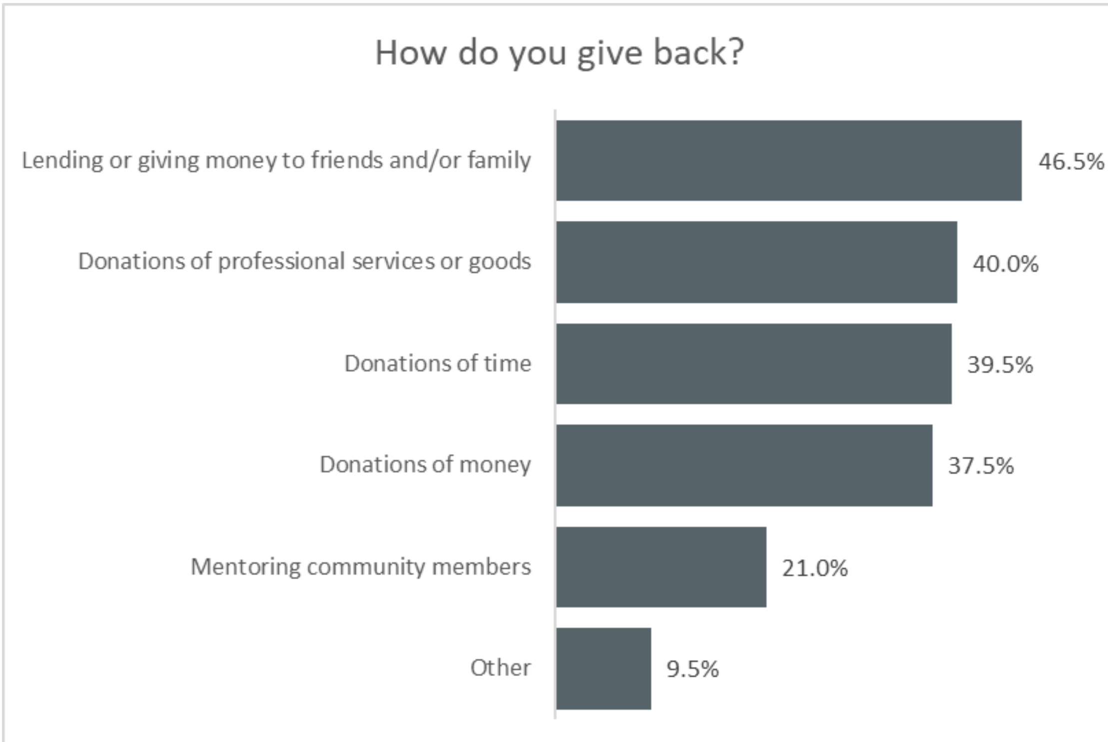
Family - you have wealth if you have your parents and have more wealth if you have your grandparents. I've heard how having children and grandchildren signifies your wealth. People also mentioned health, wellbeing, language, religion, clan system. Possessions.

Nitsitapiisinni (Our way of life)

To most Blackfeet members, wealth was not important in terms of accumulating property and possessions: giving it away was what brought one the true status of prestige and security in the tribe.

This reframing of wealth is not new to our communities and much of our collected data points to the role that giveaways, birthdays, naming ceremonies, graduations, funerals and wakes play in the lives of our families and *tiyospaye* as well as for our business networks.

In 2014 Cheyenne River Tribal Ventures asked families about their household expenses and included "events" as an expense item of which 66% of respondents had this expense and the median monthly expense was $66.67 (a total of $800 a year). Those events were further explored and included family and holiday events (baby, birthday, graduation, funeral, memorial, and holidays) and ceremonial and spiritual events (powwow, sundance, and church). These events and ceremonies illustrate the importance of giving back in our communities. Additionally partner and member data has been collected on "resources leveraged" or how the businesses give back to their community.[137]



This data highlights the different ways in which businesses think and construct values around accumulating and distributing wealth. Fleming (2021) speaks to this same value set in exploring how Native entrepreneurs think of business success differently than white entrepreneurs. For Native entrepreneurs, success is not reliant on financial metrics, instead their businesses are there to solve a community problem and reinvest wealth in communities, not take it out.[138] Regardless of the definition of wealth we strongly believe in small business development as an asset, and it has too long functioned well for those already wealthy instead of those who need it most.[139] An infusion of money and workforce development programs centered on relationships and Native values are central to building an equitable future for our region.

AND THEN SYSTEMIC CHANGE

Within our definitions of wealth, we find that wealth building means relationships. It's how we've become financial institutions with the lowest delinquency rates and how we've seen a higher rate of self-employed workers in South Dakota than the region's other reservations, where younger, developing Native CDFIs are located. This is a clear indicator of how these financial institutions are impacting reservation economies and why investments in the Indigenous Finance Industry are a crucial part of closing the racial wealth gap.

There are many approaches for closing the racial wealth gap and while we do intend to reinvent the wheel on our own terms there are many lessons learned from other approaches. The Aspen Institute, for example, discusses the ways in which wealth functions and these functions highlight some of the key tenants in our approach to wealth building:[140]

1. **Resilience**. Wealth provides a financial cushion and a level of stability which protects a person's ability to continue to move forward despite financial shocks, and this resilience can be extended to others within a person's social networks and community.
2. **Investment in mobility**. Wealth allows people to make investments that can boost income, stabilize or reduce cost of living, and generate more wealth.
3. **Intergenerational support**. Wealth allows people to endow the next generation with resilience, mobility, and opportunity.
4. **Mental and physical well-being and quality of life**. Wealth can reduce financial stress and give people more agency to make choices about how they live their lives.
5. **Ownership, voice, and control over assets and institutions**. Partial or full ownership of an asset gives people a decision-maker role in its use or operation and boosts social and civic engagement.

The Aspen Institute also discusses enabling conditions that must be in place for a family to build sustainable wealth which speaks heavily to the role our member CDFIs and our partners play in this systematic effort.[141]

- First, financial stability is a precondition. Financial stability is characterized by having routinely positive cash flow (where income regularly exceeds core expenses), low or no harmful debt, an ability to build financial cushions such as liquid savings, and access to quality public and workplace benefits that provide protection against extraordinary shocks. Without this foundation of stability, households will struggle to build and maintain wealth.
- Then, households need (1) investable sums of money that can be put toward purchasing an asset.
- To actually purchase an asset, households also need access to (2) affordable assets to buy, (3) consumer-friendly financing (for assets too expensive to purchase outright), and the (4) information and confidence to navigate the purchase or investment.
- Finally, households must be able to (5) protect and maintain wealth.

Redefining how we build wealth for Native CDFIs hinges on equity investment and data sovereignty.

OUR APPROACH TO EQUITY INVESTMENT

In our wealth stripped communities, access to equity is extremely limited and, in our experience, not necessary to ensure a successful loan client. Regardless, our clients deserve the ability to leverage their investments with equity injections. As outside investors perceive our clients as too risky, we have come up with innovative solutions to provide equity investments to our clients.

The first innovation in this space is around relationships. The more of a real and lasting relationship we build with our clients the less and less collateral we require from them over time. We know their business and their repayment history which makes them a sure-fire investment for future loan needs.

Another approach we take are "equity bundles" where we provide a 10% match to their approved loan amount. For Akiptan this extra equity injection is typically utilized by producers to purchase livestock and equipment.

Lakota Vogel, at Four Bands Community Fund, describes her equity bundle approach:

> *Much of the first decade of our work at Four Bands Community Fund has focused on identifying the challenges native entrepreneurs face in accessing capital. The lessons we have learned and practices that have proven successful will apply to all entrepreneurs who face barriers in accessing credit because of low levels of wealth, thin or nonexistent credit files, differences in cultural experiences, and discrimination. Policies and systems have precluded Natives from building or retaining wealth and have effectively segregated them into industries that have low barriers to entry, lower revenues, and lower margins. These industries are generally service related, such as prairie dog eradication, sewer/septic cleaning, restaurants, hair salons, coffee shops, etc. We want these small businesses to grow but you cannot do that by lending them more money than they can reasonably afford. We've found providing them equity significantly enhances their potential for growth. It builds the balance sheet of the borrower. Oftentimes, the amount of equity is determined by a percentage of loan amount – such as 10% of the loan amount. However, we consider this equity in a broad term of support so it can be direct capital, or it can be "capital adjacent," such as providing a year's worth of accounting services to the start up. We only assign these equity bundles after we screen prospective recipients for their capacity to grow and create jobs.*

Other examples of equity investments in our region include two programs from Montana's Office of Indian Country Economic Development at the Montana Department of Commerce. They have instituted the Montana Indian Equity Fund which is a small business grant to assist start-up or expanding Native American business in Montana. Up to $14,000 (with a 1:1 match) may be used for the purchase of land, building and equipment, assets including furnishings, equipment and technology and selected use of working capital and business operations.[142] The other program is called the Native American Collateral Support (NACS) program where a business is seeded with $500,000 as a source of collateral funding to lenders. CDs are kept with participating banks to secure a loan to a Native borrower. Annually, portions of the CDs are revolved to the program to support the next collateral support deal.[143]

Our members commented on these two Montana Department of Commerce programs and overarchingly said they have been useful in supporting their businesses. Both members commented on the lack of funds in the program, one that they couldn't access it and another that the deal they were working on was put in jeopardy due to it, but other sources of funds were found. One member mentioned it can take a long time to get through NACS, especially if your preferred bank is not on their participating list.

Both of these Montana Department of Commerce programs were based on the Four Times Foundation, which is no longer in operation, but was started in 1998, and provided equity capital for reservation-based Natives to start businesses. In five years, Four Times Foundation became one of the top ten best privately funded nonprofits operating in Indian Country and had a track record of business success that surpassed the national average, despite working in some of the poorest counties in the United States.[144]

We are excited about the continued innovations in the space of equity investment and welcome partners and foundations who are interested in making real change, on our terms.

THE CASE FOR DATA SOVEREIGNTY

WHY DATA SOVEREIGNTY IS IMPORTANT

In her forward for First Peoples Fund's 2018 report "Investing in the Indigenous Arts Ecology," Sherry Salaway Black elegantly makes the case for data sovereignty:[145]

> *In Indian Country, first and foremost, data is about sovereignty. Sovereignty is making decisions for ourselves, about ourselves. And what do we need to make informed decisions? We need information and knowledge from our own quality data. To control our futures, we must first control our own data and information, and have the capacity to use this to build our knowledge to make life better for our peoples.*
>
> *We have traditionally used data to form knowledge of the world — and shared it through what now might be called art, although there is not a word in Native languages for art. As First Peoples Fund's President and CEO Lori Pourier says in the opening paragraphs of Investing in the Indigenous Arts Ecology, in Native communities art is a way of life, so integral there is no separation. Think about how we acquired our data, how we gained knowledge and how we assured conveyance of this knowledge and understanding across generations. We experienced, we observed, we counted. We told stories. We made our robes, winter counts, totem poles, danced, sang, conducted ceremonies — ways of life that told stories with information and knowledge contained within them. We had knowledge about our own lives, and we made our own decisions. That stopped. Someone else took control of our lives, our institutions, our economies — the federal government. Our lifeways, our systems were disrupted. Today we hear a lot about dealing with historical trauma — there are many causes, one of which is the loss of control. Data and information were extracted from us like the buffalo, coal, oil, trees, and our cultural assets were extracted. Data was collected and used to make decisions in far off places, and to tell someone else's story about us. This is the genesis of the "the poor Indian" story that we are all familiar with, possibly told with good intentions but devastating in its consequences.*
>
> *Native people continue to be invisible to most other Americans – because of an absence of data, accurate media images and stories, or any awareness about Native peoples in their daily lives. State and federal agencies and other policy makers including other nonprofit organizations leave us out of data collection, reporting and analysis and public media campaigns citing "small sample size, large margins of errors, or other issues related to the validity and statistical significance of data" on Native peoples. We are the "Other" category, or the* Asterisk Nations *that Malia Villegas, former Policy Research Council director, coined because an asterisk, instead of a data point, is often used in data displays when reporting racial and ethnic data. If we, or our friends, are not at the table, we are invisible. Why is this critical? To make change, to justify budgets, to allocate resources, to conduct strategic*

planning, to affirm if a strategy is working. This is critical at the community and tribal levels, and at the state, federal, and organizational levels.

Two other industry leaders describe data sovereignty.

Miriam Jorgensen: *Equitable rural development from a Native perspective requires accurate data and timely data collection. Poor data about America's Indigenous Peoples continue to challenge the inclusion of American Indian and Alaska Native people in the rural discussion and to discount their impact on rural America. Accurate data allow policymakers, government officials, organizations and influencers, philanthropic and social investors, and community practitioners to view Native communities and their contributions in more meaningful and substantial ways – ways that lead to more resources and better outcomes for both rural reservations and surrounding local regions. Without a correct, up-to-date data picture, it is also difficult to estimate any change or to demonstrate progress. Notably the creation and maintenance of accurate data is a challenge ripe for rural-tribal collaboration, as statistical significance and differential privacy problems plague both Native and rural communities. At the same time, efforts to develop an initial baseline of accurate information about a Native community, and to maintain and update such data, should be Indigenous led; Indigenous sovereign rights extend to data as well.*[146]

Crystal Cornelius: *It's difficult to find data disaggregated to a useful level while maintaining the privacy and security of those represented in the data and relied-upon datasets —like those collected by the census —don't often represent rural realities. And specific qualities of Native communities, including exceptional remoteness, large margins of error, and small sample sizes, affect data quality and result in Native Americans and Alaska Natives represented as an asterisk instead of a data point in data visualizations. Data issues lead to false narratives tribes must overcome to gain access to capital. Preconceptions that investing in Native communities is risky become another barrier to community financing. And lack of legal precedent has historically complicated tribes' relationships with the government. This has meant Native communities face trouble resolving trust land issues, navigating complications in building homes, and retaining collateral for small business development.*[147]

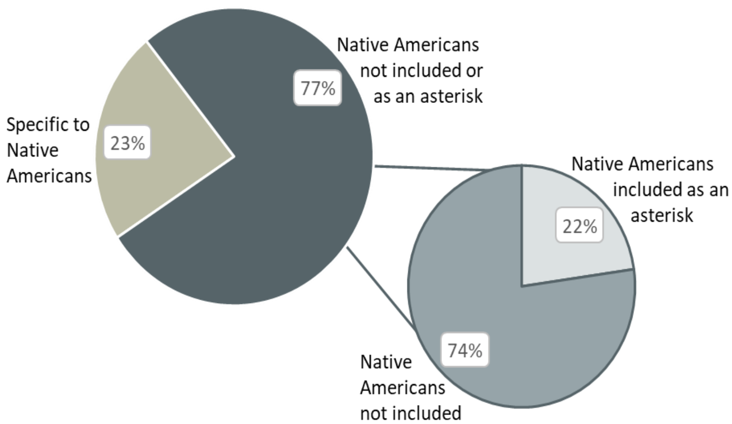
What these leaders articulate is what our work around data sovereignty means. It means collecting our own data to understand our needs. It means improving and challenging census numbers. It means visibility and combating systemic racism and injustices. And it means correcting wrongs in misallocated and disproportionate funds and resources.[148]

EVIDENCE OF THE DATA PROBLEM

As part of this report, we reviewed thirty published works available online that were dedicated to understanding the racial wealth gap. In reviewing those works we found three key themes:

1. Native Americans are either completely absent from the narratives, or[149]
2. Native Americans may be mentioned but are referenced as "other" or a lack of data is mentioned,[150] or
3. Native Americans were included in a substantial way.[151]

Of the works we reviewed 23% specifically focused on or had significant sections dedicated to discussing wealth in Native American communities. The remaining 77% excluded Native Americans and of those sources 22% included Native Americans as an asterix and the remaining 74% (or a 77% of the total works reviewed) did not include Native Americans in their discussions of the racial wealth gap in the United States. Furthermore, many of the articles that did reference Native Americans relied on census and other related data sources which have been proven inaccurate by many researchers so the findings within these publications is suspect.[152] Several other articles made assertions about Native American culture and history but did not cite that information.



These results are not unique to the conversation on the racial wealth gap and just start to uncover the true invisibility of Native Americans in data and research. The implications have been disastrous for our communities and have resulted in continued wealth stripping and resource deserts.

INSTITUTIONALIZE DATA COLLECTION

In order to combat the lack of accurate, useful, and relevant data to our communities we, as a coalition, see a distinct need and opportunity to institutionalize data collection in our organizations. For many of us this means capacity building and designing systems intentionally and collaboratively. It means designing data collection and evaluation tools together and developing systems to support our internal capacity to collect, analyze, and report on this collected data regularly and prolifically. It means engaging with as many clients and community members as possible to understand their perspectives on finances and wealth with a goal to aggregate this data for the benefit of all.

While there is a key need to house this data collection effort internally, we see also the benefit of partnering and pushing the rest of the field and larger industries to do the same. For instance, a recent article from the Center for Indian Country Development has highlighted the need for more staff and more collaboration directly with Native leaders to ensure the data they utilize is accurate and representative of our communities. The vice president of the Federal Reserve, Casey Lozar said, "I think what's most important for the Center is really focusing on research priorities that are embedded in the lived experience among our tribal communities," Lozar said. "Seeking feedback and inputs from tribes and tribal leaders and tribal organizations on the type of data that will be meaningful in policymaking for tribal governments and tribal communities is absolutely key."[153] We agree and are excited to see the CICD enact these values and strategies. Others, such as Silver (2022) and Pathak (2021) call for more and accurate data on Native Americans to bolster understanding and rewrite wrongs.[154]

CALL OUT[155]

Federal Reserve Community Dividend:

> *What advice would you offer to another tribe or community seeking to undertake a similar data-collection effort?*

Eileen Briggs (former Executive Director of Cheyenne River Tribal Ventures):

> I would advise them to do it. Tribally driven data collection is a wise and strategic approach to planning for the future. I'd suggest that they figure out what they know already and what kind of data they have, then figure out what information they need, and then figure out the questions they think are important to get that information. You need to drive the process, because you know your community best. I think the biggest thing for us with this kind of a project is that if we don't know about something that's affecting our community, we can't take steps to change it. And once we take those steps, we have to have some kind of a baseline for our people to figure out if we went up or down. We have this kind of data now, which gives us the power to move our ideas and our futures forward.

OUR DATA VOICE

The core purpose of collecting our own data is to facilitate our ability to assert ourselves and our stories in policy making and advocacy that affects our communities and secures our funding in order to ensure that we are accurately and equitably represented. Not only that but there is a distinct need to understand what Native American wealth looks like in our region and that requires data and research.

As Tonya Plummer says, "it's more than just data. It's how we understand and interpret the data. And so, the idea that we cannot only just collect and assess the data, but we can actually use it to draw a thesis for the way finance can and should work within our communities. That's a unique approach. Developing that thesis for the way that we build our communities is something independent of the way a bank steps in and tries to do it. And so, without this connectedness, I feel like we would all be still sitting in our organizations trying to figure out how to shave the edges off of our box to fit in the round hole of traditional finance. Instead, I feel like we're empowered to be brave to understand that it's our job to help build that thesis for what works in our community and design products that work in our community. And be brave to push back a little bit on traditional finance and maybe put some squares into that story that fit us instead of always having to fit what they tell us works."

And ultimately, as Lakota Vogel argues, "don't humiliate us anymore. We see our community constantly for decades asking for all these funds, and it's humiliating, it's been humiliating, and what we're saying is, 'don't be humiliated anymore. We're going to be your advocate around that pain point between you and the financial institutions.' It's just not fair to humiliate our communities like this anymore. It's about the data, but we're not going to let the data be a humiliating thing for us. Oftentimes, data is used in a humiliating way but if we collect our own data we can use it to ensure that we are no longer humiliated."

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